

LOMBARD

The strains begin to tell again

BY C. GORDON TETHER

THE RESERVES portion of the prices which was such a striking feature of the international scene more than doubled in money terms since the opening of the 1970s. And it shows a very much bigger jump still when the gold portion is written up to take account of the recent IMF decision to allow such holdings to be valued at free market prices. Even when account is taken of the fall in the purchasing power of money over the same period, the upward movement is vast when compared with the biggest movements recorded in the past.

So it might have been thought that there would now be more than enough to go round—currencies sufficient to ensure that the demands being made on the facilities for supplementing existing stocks would be runnug below—rather than above—the levels we have been used to in the past. In fact, examination of the relevant statistics shows that it is very much the other way round.

Three times

To begin with, the latest monthly review of the operational part of its work shows that, over the first five months of this year, drawings by member countries experiencing shortages of reserves were running at an annual rate of some \$20bn. This is something like three times the 1970 rate and it means that the previous highest figures for a full calendar year are already being left well behind.

Moreover, because repayments of earlier borrowings have recorded no comparable upswing, total IMF net drawings outstanding have climbed to the impressive level of \$6713.3bn—well over double the level ruling a year earlier and far beyond anything recorded during the previous 30 or so years of the Fund's history.

A similar story is told by the quarterly statistics relating to borrowing in the international capital markets compiled by the World Bank. They show that, in the first three months of this year, money was being raised in this sector at an annual rate of \$68bn. This represents an increase of more than half on the quarterly average for the preceding year and is—once again—a record.

An examination of the breakdown of the traffic flowing under these two headings reveals that a major factor in the IMF's experience has been the fast-increasing shortage. And we will, therefore, have to think in terms of either re-distributing the existing stock or reinforcing it on a decline in world commodity discriminatory basis.

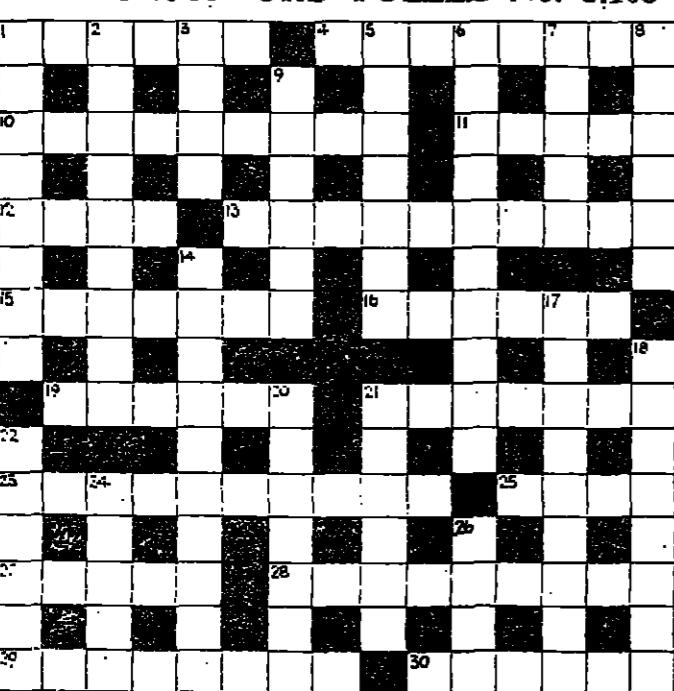
TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only), 10.00 For Schools, Colleges, 10.45 You and Me, 11.20 For Schools, Colleges, 12.00 Cricket: Second Test, England v. West Indies, 1.30 p.m. Along the Trail, 3.45 News, 2.02 For Schools, Colleges, 3.00 Racing and Cricket: Royal Ascot and Second Test, 3.55 Regional News (except London), 4.00 Play School, 4.25 Dastardly.

F.T. CROSSWORD PUZZLE No. 3.108



ACROSS

1 Money youth leader finds loud and vulgar (16)
4 Take out what is not material (8)
10 Entrancing description of occupant that may be lac (14)
11 A long time to discover poetic muse (13)
12 No sloop but won't run (14)
13 Unofficial stock market equipping children for the beach (15)
14 Smart individual gives two points to cheat (15)
16 It's a question of bringin' up old fruit (16)
17 Make figures stand out for first person upset by head (6)
24 He teaches how to cook trout (5)
26 Music from a vegetarian opera (4)
27 Unionist preparing for a fight (5-5)
28 Look after the ad (4)
29 Bounder concealed by waters animal (5)
30 Bring in worker who is weighty (9)
31 Fought to be made redundant (5)
32 Ruin can seize bird (6)

DOWN

1 Pope with charming features apparently (8)
2 Is it cream that's clotted during rearing (8)
3 Month for meeting clan (4)
5 Wave to a destroyer (7)

RACING

BY DOMINIC WIGAN

FEW will look beyond that Bruni, could be on the mark in days ago, finishing third to greatly improved four-year-old King's Stand Stakes, which although he is 2 lb worse off this year carries £20,000 in added with that winner, I feel that the Royal meeting and it will prize money. His mount is Miss Well-down. Faliraki will have come on sufficiently since San come down to turn the tables on this, a course which suits him ideally.

Brini, who stamped himself as one of the best middle distance performers in Europe last season when landing the St. Leger with consummate ease, has made one appearance this term. Five weeks ago he could not have been more impressive when toying with some smart opponents including Mr. Bigmore and Sea Anchor in the 1-mile Yorkshire Cup.

Brini, seen to be all the better for that outing, will not be inconvenienced by this return to 1½ miles and it is hard to visualise his failing. That consistent colt, Orange Bay, who has come in high class company since coming from Italy in the middle of last summer, is preferred to Yankee Gold for the forecast.

Lester Piggott, who rides Temple Stakes at Sandown 18 Stakes.

ROYAL ASCOT

2.30-Sunny Spring

3.05-Bruni

3.45-Ribramble

4.20-Faliraki*

4.55-Free State**

5.30-Coed Cochion*

It seems folly to look beyond Peter Watson's rapidly improving Hotfoot colt in the Britannia Stakes despite the presence of several other higher rated three-year-olds.

Lucci Cumani, whose 5-2 Norfolk Stakes at this meeting last year, looked like getting let in a blow at his failing. That consistent colt, Orange Bay, who has come in high class company since coming from Italy in the middle of last summer, is preferred to Yankee Gold for the forecast.

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SALEROOM

BY ANTONY THORNCROFT

Coin prices exceed forecasts

TO-DAY SHOULD bring some target for £2,400, four drawings excite to a quiet week in attributed to Francois Antoine the London salerooms with Vasse of the French flagship Le Christies auctioning the Bridgewater Sea Piece, a painting of Dutch fishing boats in a gale by Turner, which could beat the existing auction record of £280,000.

As usual a jewel auction produced the highest prices of the day: £18,500 for an emerald and diamond brooch made about 1830, and £13,500 for a mounted marquise diamond weighing 4.18 carats. The sale totalled £18,350 with only 1 per cent unsold.

The feature of yesterday was the high prices at Sotheby's coin sale. On offer were coins from the Low Countries collected by Prince de Ligier.

Many of the items had never appeared at auction and had been conservatively estimated.

For example, three coins minted in Louvain in 1450 carried a forecast of £120 but were bought by a Brussels dealer for £2,200, plus the 10 per cent premium.

A Cavalier dir from the United Provinces, dated 1607, almost quadrupled its forecast at £1,800 to an Amsterdam dealer, while Bank Leu of Zurich paid £17,000, estimate £20,000, for a 1699 Brahmin coin.

The auction, which ends today, has brought in £1,550.

Sotheby's held three other auctions yesterday. A set of Old Master drawings produced £31,803, with Classical Funeral Procession at Night, by Jacques-Louis Clerisseau, quite above

Christie's furniture sale realised £22,379. An early 18th-century Flemish painted cupboard was sold for £2,900, about five times its forecast, and a Belgian private buyer gave £1,900 for a late 18th-century Dutch walnut armoire. Vintage port, sherry, madeira and Coenac made £42,773, with prices confirming the steadiness of the port market, helped by new American interest.

Stanley Gibbons took in postal history and antique maps. A letter bearing the official seal of the 13th Dalai Lama comfortably beat its forecast at £475, and among maps "The Count

of Lincoln," published in 1676, made £155.

In Cheltenham, at an auction handled by Mallams, the 1974 champion, who is playing alongside Arnold Palmer, 46 years old, and plainly fading.

Both men took 99 shots to the

four-over-par for the dis-

tance, but this was better than

the third member of their

team, Jim Colbert, who took 41 shots.

At Bonhams, a picture sale brought in £17,877, with a

highest price of £30, more than three times the forecast, for an oil of Europa and the Bull, by a follower of Poussin; furniture contributed £13,704. Moore paid £1,250, twice the forecast, for a mid-19th century Victorian oak serving cabinet.

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Shades of Gray

by RICHARD COMBS

Vampyr (A) Electric
The Last Hard Man (X) Carlton
The "Human" Factor (X) Metropole

Carl Theodor Dreyer was a Danish film-maker whose career began in the silent era and continued—though the projects grew fewer and further between—as the director became an isolated figure in his last film, preceded it.

Gerrit was at first savagely reviled when it was shown in one of his most intriguing films Paris in December 1924, but has since acquired the status of a masterpiece. An indeed story contains nothing out of the ordinary. A young man, David Gray, arrives in the village of Contempsiere, apparently to do some filming, but is soon involved in the trials and condemnations of his contained creations.

His best-known, and critically strange going-on, of the wrath-well-favoured film is probably like creatures who inhabit the world. He is visited in his room at night by an old man, who gives him a book with instructions to open it only in the event of his death. The book turns out to be a treatise on vampire conjured from the same source.

A bare succession of close-ups, lone, and the old man (who takes little further time to expire) the patriarch of a local chateau. He and his two daughters are now beset by vampirism in the form of a malevolent old woman, a suicide whose unshriven body has lain in its grave for some hundreds of years, and her spirit-like fellow-traveller, the local doctor.

What is remarkable about the film is how far it goes to the other extreme from the lurid Technicolor blood-letting of most modern horror films. Vampirism here is a peculiarly wasting illness. Its victims simply fade into the twilight atmosphere that pervades most of the film—and which in fact seems to merge both the natural and the supernatural worlds into indistinct shades of grey. Through trick of lighting discovered by a technician at the start of shooting, Dreyer gives all the exterior scenes the insubstantial, filtered aura of a dream, and his characters—even those supposedly of the dreamer trying to escape his dream.

What is unique in Vampyr is the feeling that Dreyer has created a landscape where the ghostly is the normal state of affairs—and where the struggle to escape from the thrall of this strange soul-sickness involves not a gory exorcism but an agonisingly slow, dream-like process through enveloping mists towards the light.

A more vigorous blood-lust is continually asserted by the script for The Last Hard Men, though the direction is always too mechanical for the revenge plot to pick up much steam. To its credit, the film features the reasonably charismatic pairing of Charlton Heston and James Coburn—the former a ramrod-straight law officer who once ran to earth and imprisoned the latter, a half-breed Navajo train-robbler, and in the process killed his Indian woman. And thereby, once Coburn springs himself free from a chain gang in the film's opening sequence, sets out to claim his pound of flesh, bangs this tale.

The running conflict might have registered a higher voltage if it had been handled by someone other than Andrew J. McLaglen. The son of burly actor Victor McLaglen, who lent his substantial, rowdy presence

to many a John Ford Western, director McLaglen's style has always been amiable—not to say diffusely—relaxed and panoramic. But his ambling shenanigans do little to create the kind of tension and knife-edge antagonism which this subject calls for—or to provide the mythic uplift which the script at times seems to be begging for with its references to the passing of the Old West and the arrival of the new, automobiles and telephones in tow.

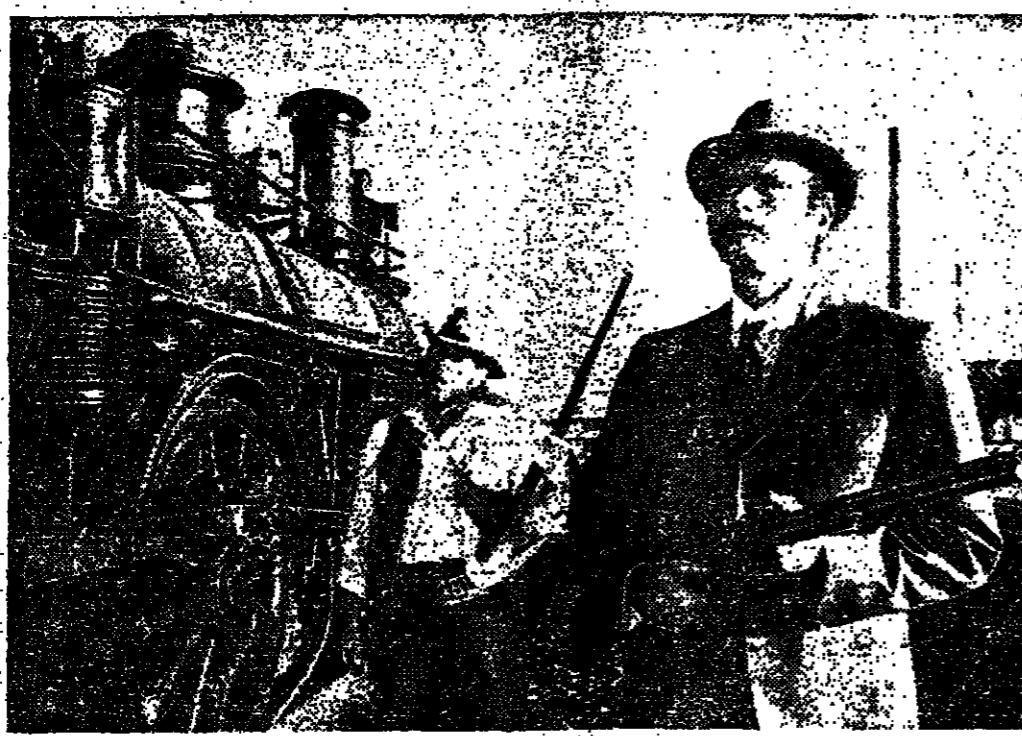
Another second generation movie presence who fails to make much impact, Christopher Mitchum (son of Robert) rides along as Heston's side-kick, looking and sounding like the anxious teenage lead from some beach movie. And Michael Parks, once a young hopeful in the shuffling and mumble-mumble school, here looking and sounding like a shrill insolent James Dean in the local matinée.

He is the film's bizarre round-up of acting stars. All which add up to a sort of spotty variety show, but scarcely do much to keep the film's energies concentrated on the business at hand.

The "Human" Factor, on the other hand, is all concentration on its intense physical revenge theme. Very much a Western in a modern setting, it tells of a NATO warfare expert (George Kennedy) who returns one day to his domestic enclave in a foreign land to find his family—all sensuously butchered.

Thoughts of suicide briefly flicker across his mind, before he decides to turn his gun first against a TV set broadcasting news of the tragedy, and then on the unknown assailants responsible.

The film goes on to demonstrate little sense of its own. It characterizes the terrorist who committed this act of political protest as a bunch of sweaty psychopaths, while Kennedy predictably enough becomes the obsessed crusader, brushing aside niggling legalities. But although the film's politics remain firmly at the neanderthal level that is par for this particular course, its sense of the emotional toll that his crusade takes on this hasty avenger is cruelly acute, and lifts this venture a little above the slick banalities of its kind.



Charlton Heston searches a freight train in 'The Last Hard Man'

Canada House

New Canadian Music

by DOMINIC GILL

In London we hear new music from Europe, from Australia, China, the U.S., Japan, Chris South American—even with substantial piece, in which the whole range of Barberian vocal frequency, contemporary works, from Eastern Europe and the Soviet Union—more often than we hear new music from Canada. Names filter through cymbals and gongs. The lectors and electronics, or the North Atlantic composer's own descriptive note, perhaps if that review has been from time to time, but few sounds, even on record, new book of the Royal Festival: "The instruments with percussion by Canadian music seem difficult to come by. So it was of special interest on Wednesday evening to hear the Canadian ensemble New Music Concerts" make silence, frozen states, fringes of discovery, as well as basic ideas, their first appearance in this existence, warmth that melts and was the lovely resonance a piano country with a programme of five recent works from their home-town. The instruments and end makes when you blow a horn them is mine indeed.

It is always dangerous, and never particularly useful, to assume any group of works from one school or country to be "representative". Enough to note, perhaps, that all but one of the five composers represented on this occasion had finished their studies in Europe, and that three had been pupils of Messiaen; that all the works played were well and carefully made, and that each showed, in its own way, a solid respect for conventional (which is to say, now well-established) procedure, rather than risking any more adventurous or provocative experiment outside accepted European tradition.

The longest piece of the evening, *Madrigal III*, for contralto, harp, piano and percussion, by Bruce Mather (b. Toronto 1929), was also the one which began most promisingly. Mather's text is by the Quebec poet St. Denis Garneau; the setting is made with nice economy, neat, unostentatious, sprung with all manner of interesting instrumental colours, shifting quickly from scene to scene very precisely imagined. There are some satisfying exchanges across the stage between piano and harp during conversations, as well as sudden, unexpected sparks. The words may slowly poised for the most part above the instrumental activity, seeking neither to join nor be joined by it; almost a self-contained commentary. Many beautiful moments, though towards the end of its 18 minutes, the movement of the music seemed to lose a certain direction and muscle, as if the composer were not quite sure how to finish, and had become in his anxiety more involved with the notes on paper than the actual sound.

Le Sifflement des porteurs de l'humour ... by Gérard Tremblay (b. Quebec 1929) was be more apt, since the music from Europe, from Australia, China, the U.S., Japan, Chris South American—even with substantial piece, in which the whole range of Barberian vocal frequency, contemporary works, from Eastern Europe and the Soviet Union—more often than we hear new music from Canada. Names filter through cymbals and gongs. The lectors and electronics, or the North Atlantic composer's own descriptive note, perhaps if that review has been from time to time, but few sounds, even on record, new book of the Royal Festival: "The instruments with percussion by Canadian music seem difficult to come by. So it was of special interest on Wednesday evening to hear the Canadian ensemble New Music Concerts" make silence, frozen states, fringes of discovery, as well as basic ideas, their first appearance in this existence, warmth that melts and was the lovely resonance a piano country with a programme of five recent works from their home-town. The instruments and end makes when you blow a horn them is mine indeed.

William Burden's *Edmund*—man of Aife was a jazzy, high-spirited sequence of "vignettes" I found unexceptionable, but spiritually (pneuma, spiritus). Its presence forms the musical dull; a rather flat-chested essay in breath, through pureness of eight minutes long, whose chief

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Le Sifflement des porteurs de l'humour ... by Gérard

EUROPEAN NEWS

Giscard peace overtures welcomed by the Gaullists

BY RUPERT CORNWELL

PRESIDENT Giscard d'Estaing at last seems to be on the way to mending his relations with the Gaullists, the cornerstone of his Parliamentary majority, after a widely-applauded television appearance last night.

In an hour-long live interview, throughout which he looked more relaxed and in command than ever, the President settled the most burning political issue of the moment by ruling out any Cabinet reshuffle next month, and by giving unshakable support to his Gaullist Prime Minister, M. Jacques Chirac.

What has been particularly welcomed by the UDR was the explicit endorsement given by M. Giscard d'Estaing to a basic tenet of their faith—that the executive should not be under-

mined by parliamentary squabbling and feuding—the downfall of the Fourth Republic.

Looking for the source of the recovery, the Bundesbank concludes that West Germany has contributed as much to the recovery of the world economy as it has taken from that recovery.

It notes that production of capital goods was one of the fastest growing sectors of the domestic economy in the early part of this year. Investment in industrial equipment was up by a real 12.5 per cent. in the first quarter. The Central Bank says that a notable proportion of this new investment involved machinery bought abroad.

The Bundesbank reckons with economic growth this year between 6 and 6.5 per cent. The Berlin Institute settles for

6 per cent. and breaks down the components as follows: private consumption, 3.5 per cent.; public sector consumption, 2 per cent.; gross capital investment, 5.5 per cent., of which equipment investment will grow 9 per cent.; and building investment 2 per cent. Visible and invisible imports will grow 11.5 per cent. while imports and invisible imports will rise 12.5 per cent.

This may well look surprising since as late as yesterday it was the Gaullists themselves who, by protracted guerrilla warfare had been extracting the heart of the important and controversial Capital Gains Tax that the Government is trying to push through.

Nonetheless honour has been saved, it seems, and both sides rescued from a self-destructive showdown. To-day Gaullist Secretary General, M. Yves Guéna, said after an Executive Committee meeting of the UDR that his party would remain faithful to both the Government and the President.

The measure of the reconciliation, however, will only become fully apparent as the Assembly debate proceeds, and it is still anyone's guess how the proposals will emerge after the gauntlet of amendments they have had to run.

M. Giscard d'Estaing furthermore denied suggestions that he was planning any sweeping alterations to the Fifth Republic Constitution to make it more "Presidential" and

claimed he had the same conception of his office as General de Gaulle.

But he implicitly rebuked Right-wing Gaullists who have been so far the most troublesome opponents of the Tax Bill. Unmoving conservatism, he said, was suicidal and a new set of reforms would be launched in the autumn.

M. Giscard d'Estaing also took up his favourite criticisms of the Left—by chiding Communists and Socialist leaders who refused to have any normal dialogue with a democratically elected President. He also repeated his charge that the French Communist Party—unlike its Italian sister—was historically on the decline.

Paris pact on Zaire repayments

By Our Own Correspondent

BONN, June 17.

DEFENCE Ministry sources suggest that their more realistic hopes for the upshot of this complex given newly developed process do not mean that the current version of the XM-1 will become merely a hollow gesture. They are convinced that there is real interest in both sides of the Atlantic in using the results of the trials to decide what components in the two tanks can be shared. The most likely examples are, they claim, the gun and its ammunition, and the gun fire control equipment.

Agreement on the gun would be a considerable achievement. The Germans are convinced that its existing battle tank, the AMX-30, with the new German weapon or something comparable.

The British, it seems, remain ambivalent; they already have a 120mm rifled weapon on the Chieftain tank.

Until recently the U.S. has

insisted that the existing XM-1 105mm rifled weapon could cope with the upshot of this complex given newly developed ammunition. The current versions of the XM-1 are designed to carry this NATO gun and nothing larger.

It now seems that the results of trials between the two weapons together with growing knowledge of the latest in Soviet tank technology have led the Pentagon and the U.S. army to reconsider their position.

Germany is backed in this by France, which is now considering the idea of upgrading

its existing battle tank,

the AMX-30, with the new German weapon or something comparable.

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Liguria ponders

BY ANTONY THORNCROFT

HERE IN the industrial port of Genoa, the great leap forward of provincial councils throughout Italy appears a rather low-key affair. Despite the fact that the EEC member countries have been secret, but I understand that the co-ordinating in private their consensus of diplomatic opinion attempts at evaluating the likely outcome in Rome is to the effect that a 24 hours to run, there is also widespread feeling that "some crucial Italian General Election, expected to stop short of actually taking place, will be overtaken by the Christian Democrats (CD) which might influence materially the actual outcome."

David Bell adds from Washington: Testifying before a House Subcommittee, Dr. Henry Kissinger said that the Adams singer said that the Adams

are likely to once again emerge within Italy and of the main party leaders themselves would appear to be much less sure of the outcome, despite the fact

that the formal campaign as such of course, until the European Community, since all the of voting on Sunday and most of the leading EEC countries are also Monday. The reason for this

is uncertainty may well be, in fact, what to do but "We do believe that a significant participation in the possible involvement in perhaps even close on one in five of the electorate nationally—of consequences very serious to

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Embassy reports to home voters have yet to determine Western cohesion."

THE INDUSTRIAL port of Genoa, the great leap forward of provincial councils throughout Italy appears a rather low-key affair.

Nevertheless, beneath the surface air of calm there is no doubt that this election is seen as a crucial one by the élite.

Liguria is a "region rouge," rather than being dominated by the recent

Communist Party, arrest of one of its leading lights

regionally rose from 31.6 to 34.4 per cent. in Liguria, with

Democrats dropped from 33.5 to 30.4 per cent. in the city of Genoa itself, where three months

prior to the regional elections the centre-left city council fell and was replaced by a Left-wing

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THE SOWETO RIOTS

"IT HAD to happen. There is such profound dissatisfaction over so many aspects of the Black's life in South Africa."

That is the verdict on the Soweto riots of Dr. Beyers Naudé, a mild Afrikaner who was once a priest in the austere Dutch Reformed Church, until he was defrocked for speaking out against apartheid. Now he runs the Christian Institute for South Africa, an inter-denominational group intimately concerned with race relations.

"Every area you look," Dr. Naudé said, "the Black is oppressed to breaking point." It is hard to disagree.

What the slaughter in Soweto has accomplished with the most horrifying outbreak of civil violence in South Africa since the shooting of 68 people at Sharpeville in 1960, is to call into question the basic premises of South Africa's deontic policy, so painstakingly constructed by Prime Minister John Vorster.

While the abortive intervention in Angola, and Mr. Ian Smith's intramural in Rhodesia may have torn holes in the policy Mr. Vorster has still managed to prevent himself internationally as some sort of "honest broker" for peace in the region.

But the policy has suffered from the glaring inconsistencies of pronouncing racial harmony and the advancement of majority rule albeit slowly, in all countries of the region except the Republic itself. That is the flaw which Soweto has so tragically re-emphasised.

Soweto is like most African townships, a fairly ghastly place. The shacks, which are mostly made of wood with tin roofs, stretch across the small hills of the low veld just outside Johannesburg. The township is only just over 20 per cent electrified. The sewerage is largely lacking.

OTHER OVERSEAS NEWS

New attack by Frelimo

SALISBURY, June 17.

FORCES of the Mozambique Liberation Front (Frelimo) have fired on Mount Selinda across Rhodesia's eastern border for a third time, the Rhodesia Herald said today.

It said that rocket, mortar and small arms were used in the attack from inside Mozambique soon after day-break yesterday. The report said the attack lasted 15 minutes but no one was injured.

The Rhodesia Herald said yesterday there had been an attack on the Mount Selinda border post on Monday. Rhodesian jet fighters destroyed mortar positions and an ammunition dump inside Mozambique after a similar attack last Thursday.

In today's attack, the paper said, two 122 mm rockets were fired, but both landed inside Mozambique. It said that after the attack Frelimo troops were seen digging new trenches close to the border.

In an editorial, today, the paper said that the continued attacks by Frelimo in the Mount Selinda area were creating a dangerous flashpoint. "No country can be expected to put up with rocket and mortar bombardment of its territory from foreign soil. If action like this continues or spreads to other areas the Rhodesian forces will have no option but to retaliate far more strongly than they have done so far.

Reuter

Lebanon suspects seized after murder of envoy

BEIRUT, June 17.

THE ALLIANCE of Palestinian guerrillas and the Lebanese Left-wing groups announced to-day that they have arrested a number of suspects in connection with the murder yesterday of Mr. Francis Meloy, the U.S. Ambassador, Mr. Robert Waring, the American Economic Counselor, and their chauffeur.

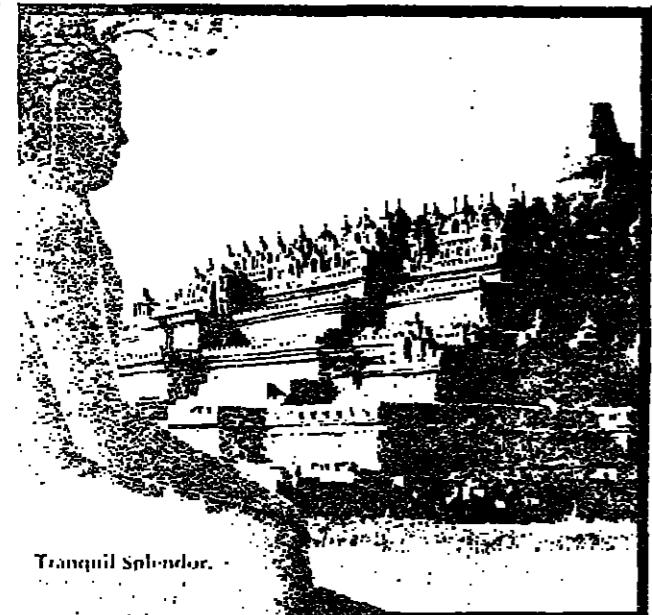
In a statement broadcast over Beirut Radio, the Alliante said the suspects would be turned over to the joint Arab League peace-keeping force as soon as it arrives in Lebanon. It promised a more detailed declaration later.

The statement did not reveal the identity of the suspects or their number, but reprimanded them by pointing out that "combating American imperialism in the area is not done by such individual actions."

According to reliable sources, five suspects have been arrested and are said to be members of a radical Lebanese underground organisation known to be extremely anti-American.

The group, which calls itself "the Arab Socialist Revolutionary Organisation," carried

To Future Generations, Security



Tranquil Splendor.

Social welfare is a subject of serious consideration in most modern societies. Man in the twentieth century accepts his responsibility to bequeath to the next generation a society better than his own. Daiwa Bank is not unique in accepting this responsibility, but Daiwa is unique in making acceptance of this role in society an integral part of their banking service.

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International Credit Alliance Ltd., Hong Kong

A slaughter which threatens detente

BY STEWART DALBY



South African police in camouflage uniforms look on as the body of an African killed in the Soweto rioting is brought into a Johannesburg police station.

Black friend said: "You try and political parties, but their members who provided the information that they no longer meet each other and hold under for the riots. The new exist." The parties which held discussions. The BPC grew out Black consciousness is particularly the ANC and PAC include the of the student organisation and larly strong among the young Black Peoples Congress (BPC) although there is no evidence recent speeches by people like Black and South African Students to link any of these organisations Mrs. Winnie Mandela, wife of the easily explicable, when seen in the context of the new Black Organisation (SASO), do not with the current upheavals in jailed Black leader Nelson Mandela, have shown that many militancy against Apartheid.

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young Blacks regard their Government as spineless.

The Blacks have no meaningful political representation schools, mathematics and social science are taught in Afrikaans. prospect of them ever getting Why these two subjects, one has quite explained, although But the accession of Black Blacks themselves say social governments in Mozambique and science was picked because it is Angola, together with the gathering feeling that the days of propaganda. Mathematics was chosen because it is extremely difficult to learn in a foreign language, and this would retard Black morale. Virtually for the first time since the early 1960s, when the Black political organisations were smashed after the Sharpeville massacre, there is a mood of hope and expectancy.

In direct conflict with raised expectations, one economic reporter estimates that less than 1 per cent of Blacks reach matriculation-level in the education system. The drop-out rate from school is enormous, with perhaps 75 per cent of all school attenders not managing six years in school. Classes are dilated of everything they impossibly overcrowded. The dislike about the Afrikaners, White Government has now whom they regard as their decided that it will only build up oppressors. Most of the police new secondary schools in the speak Afrikaans. The Government is trying to push through a Transkei, which the Government is largely opposed by Blacks, while turn into independent, if not at the same time, in its defence policies, countries and this policy is bound to exacerbate the Black African countries to the White tribe in the African.

That the riots in Soweto should have been sparked off by the issue of teaching of Afrikaans language in schools is easily explicable, when seen in the context of the new Black

White tribe in the African.

The 'corollary' of playing ball with Mr. Vorster, as far as Black African countries were concerned, was that he did something about his own country. He

has wanted the external defence force, and to live in peace. These

instructions led to boycotts of schools and finally to what appeared to be completely spontaneous demonstrations.

Needless to say, the Government does not see the riots in that way.

The violence, coming at this crucial time, has shot to pieces. As Anglia did. Mr. Vorster's

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HOME NEWS

Industrial output 'on clear rising trend'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL production in the January and February-April U.K. is now on a clearly rising while production of consumer and investment goods was unchanged. This partly reflects the latest figures from the Central Statistical Office.

After a couple of flat months in industrial output rose by 1.1 per cent in April, 1976, against 1975-100.

While the Government is nearly pleased about the further acceleration in these figures of 1.1 per cent in April, for a rise of 1.1 per cent in the February-April period compared with the previous three months.

This understates the rate of recovery since the index largely measures deliveries rather than output which means that it tends to lag at turning points.

The official statisticians regard the latest figures as encouraging in confirming the steadily rising trend of production since the bottom last August—in particular the fact that the upturn in intermediate goods output will eventually feed into other sectors of the economy by working through eventually to consumer goods and how much is going far has come through almost totally via exports.

The detailed figures show that while in the output of intermediate goods (such as chemicals) this category increased its metal manufacture up 5.7 per cent on a three-monthly basis output by nearly 3 per cent, on average between November and April.

Though this is distorted by the

very low figure for December caused by changed holiday patterns.

Another feature is a 2.6 per cent three-monthly rise in chemicals output which reflects strong export performance.

Engineering production is still flat with an improving trend in export sales being offset by a continued decline in the home market.

INDUSTRIAL PRODUCTION
1970-100
Seasonally adjusted
All Industries Manufacturing

	1974 Q2	1974 Q3	1974 Q4	1975 Q1	1975 Q2	1975 Q3	1975 Q4	1976 Jan	1976 Feb	1976 March	1976 April
All Industries	107.6	107.9	109.6	104.6	109.8	109.3	100.5	101.0	101.6	101.1	102.1
Manufacturing	107.6	107.9	109.6	104.6	109.8	109.3	100.5	101.0	101.6	101.1	102.3

Small productivity gains from three-day week

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

INDUSTRIAL CORRESPONDENT THERE IS no evidence to support the widely held view that

productivity during the period of the three-day week in the early part of 1974 was a Department of Industry study published

As might have been expected, the smaller, closely-knit companies were noticeably more successful in maintaining their high effort and morale.

The study was produced for the Department of Industry by Inbucor/AIC Management Consultants. The aim was to see whether any productivity gains were achieved during the three-day week period; to what extent these represented permanent improvements; and if any lessons could be drawn which would be of longer-term benefit to industry in general or would provide useful pointers for policy.

It suggests that the main lessons provided during the period for individual companies were:

1. The benefits of better forward planning;

2. The need for sound information and planning systems

of crisis;

3. The benefits of mutual co-operation. This situation was mistakenly construed as an improvement in industrial relations, in general the improvement was short-lived.

The result of improved communication in crisis conditions was to set aside ongoing disputes or disagreements and to increase mutual co-operation. This situation was mistakenly construed as an improvement in industrial relations, but it did not usually survive the crisis period in the absence of a specific change in

the benefits of improved management-employee communication;

4. The potential for energy saving.

To what extent these lessons were followed up after the end of the three-day week did not within the ambit of the study although the modest increases in productivity achieved during, and just after, suggests that there is scope for improving output from existing investment. The Exchange instead of as a separate body, has now established a working party on the subject.

Its chairman will be Mr. F. T. (John) Powell, who is about to become one of the Exchange's deputy chairmen.

It will include two members of the committee which prepared the plan for a separate options market similar to the Chicago Board Options Exchange. They are Mr. David Heath and Mr. Peter Stevens.

The other members will be Mr. Lloyd and Mr. Stephen Raven, while Mr. M. Hulford will act as secretary.

But the authors of the Government-sponsored study, the Economists' Advisory Group, refused to comment on reports that it suggests the British Shoe Corporation should be referred to the Monopolies Commission.

There has long been concern among manufacturers that BSC, with its 2,000 retail outlets, might exert too dominant an influence over the market. This was no doubt reflected in surveys conducted by the EAG.

EAC is understood to have focused attention on the design and marketing of British footwear. One suggestion is that small companies might form co-operative ventures to employ sufficient expertise for a drive on exports.

The Three-day Week, HMSO £2.

Timber was Rhodesian says NCB

By Roy Hodson

AN INTERNAL inquiry ordered by the National Coal Board has fully confirmed the report in the Financial Times on April 30 that the Board received a consignment of timber from Rhodesia.

Following consideration of the inquiry's findings by Sir Derek Ezra, chairman of the Board, discussions have begun with the importers, P. McIninch of Tippernair, Scotland, about future trading relations with the NCB.

The illegal consignment of 3,000 cubic feet of Rhodesian lumber worth £2,500 was delivered to the NCB in 1974, thus breaking the Government's one-year embargo on trade with Rhodesia.

The NCB has stated that it believed the timber came from Mozambique or South Africa.

Working party to study traded options market

By Margaret Reid

THE STOCK EXCHANGE which last week decided to sponsor a market in traded options but to reconsider the feasibility of having it within

the Exchange instead of as a separate body, has now established a working party on the subject.

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The Three-day Week, HMSO £2.

Department of Trade cleared over Nation Life Insurance

By ERIC SHORT

THE Ombudsman has rejected complaints that the Department of Trade failed in its duty to protect policyholders of Nation Life Insurance, which collapsed two years ago.

The complaints came from six MPs on behalf of eight policyholders who had lost money as a result of the liquidation. The policyholders had contended that the loss was the result of the department's failing to detect problems which led to the company's being wound up and therefore failing to give warning that such investment was not safe.

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Study into footwear industry

By Our Industrial Staff

THE FIRST copy of a five-volume study, recommending major changes in Britain's troubled footwear industry, was delivered to the Department of Industry last night.

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EAC is understood to have focused attention on the design and marketing of British footwear. One suggestion is that small companies might form co-operative ventures to employ sufficient expertise for a drive on exports.

The Three-day Week, HMSO £2.

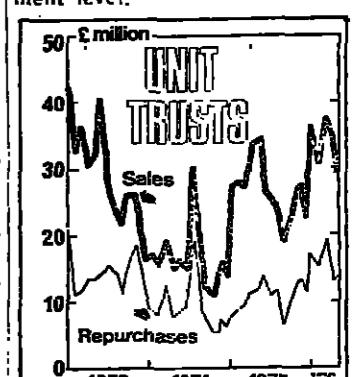
Unit trust sales fall by £5m. in May

By Christopher Hill

HAVING DIPPED in April, unit trust sales fell sharply in May by £5m. to £58.5m. But repurchases remained almost the same at £13.6m. against £13.2m., leaving net new investment down £5.4m. at £15.7m.

The May sales figure was above the average monthly sales in 1975 and repurchases were also lower. Net new investment for May, though the lowest this year, was also slightly above the average for 1975.

But May a year ago was a significantly better month than this year's, with higher sales, broadly equivalent repurchases and a £5m. higher net investment level.



Managers feel that in view of the relatively idle state of the stock market, sales held up well, especially the income and overseas funds. They also point out that the start of the summer holiday season normally heralds lower sales and that this year's sales were said last night that despite its apparent clearance of the department, the report appeared to illustrate a terrifying lack of normal commercial judgement and sense of urgency over the position of Nation Life by both the department and the actuaries in the actuary's department until it was directing efforts to secure a too late.

Pardoe claims 'tough guys' support

By RAY PERMAN, SCOTTISH CORRESPONDENT

MR. JOHN PARDOE, MP, staged a great propaganda value to Mr. Pardoe.

At a Press conference later, Mr. Pardoe admitted that he has started the race behind Mr. Steel.

"The tough guys of the party, the ones who really do the work, are going to vote for me. There may not be enough of them, but we'll give Mr. Steel a run for his money," Mr. Pardoe said.

He made a point of the difference in style between himself and Mr. Steel. Both knew that Liberal policies would "hustle the system," but Mr. Steel was reluctant to admit it.

Mr. Johnston, Leader of the Scottish Party, is likely to back Mr. Pardoe, but refused to declare himself until after a meeting with his supporters in London next Wednesday.

He is the last MP to commit himself. Mr. David Steel, the other candidate, has the support of five Liberal MPs and Mr. Pardoe only three. The buckling just because he behaves like a gentleman to Sir Ian Day on TV.

The total value of invested funds fell from £27.5bn. in April to £22.6bn.—which is still better than last year's May total of £23.4bn.

The number of unit holders accounts also continues to decline with a further drop from 2.17m. to 2.15m. But this does not necessarily mean that the number of unit holders is falling in view of the large number of mergers which have taken place in the industry over the past year.

On a cumulative basis, the value of sales for the first five months of 1976 is still ahead of the same period of 1975 at £18.5bn. against £18.05m.

But, with repurchases up £2.5m. higher, the net new investment for this year's first five months is £5.5m. lower than last year at £22.8m.

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HOME NEWS

FRANCE, U.S. ANNOUNCE LARGE PLANT INVESTMENT

£20m. drug projects for U.K.

BY RYHS DAVID

TWO NEW pharmaceutical manufacturing projects valued together at around £20m. are to be undertaken in Britain by leading U.S. and European producers.

The first project was unveiled in a speech to a meeting in London of the International Federation of Pharmaceutical Manufacturers' Associations (IFPMA) yesterday by Mr. David Ennals, the Social Services Secretary. He revealed that the American company Merck Sharp and Dohme is to invest at least £10m. in a basic chemical manufacturing plant.

The U.S. parent has chosen the U.K. as the centre for worldwide production of a new analgesic developed in America but not yet marketed. Production of the basic chemicals will take place at Merck's Enfield plant where the bulk of the investment will be made, but formulation will take place at Cramlington, near Newcastle, where the company is already spending £10m. on a new factory.

Mr. Bernard Crowley, Merck's U.K. managing director, said yesterday that the new project, which will take a minimum of two and half years to complete, would eventually make a very significant contribution to U.K. trade exports. Very strong competition for the ingredients is understood to have come from Merck's subsidiaries in other countries but the parent company is understood to have been particularly impressed by the high level of productivity and good labour relations it has enjoyed in the U.K.

Mr. Crowley said the company had also received very active encouragement from the Department of Health and he indicated further investment by the company in Britain was probable.

The other new project involves a £20m. extension by Roussel-Uclaf, the French-based drugs subsidiary of Hoechst, the German chemical concern, of its manufacturing and research complex at Swindon, Wiltshire.

Cheap flight rules may be reviewed

By Arthur Sanders

RULES AFFECTING low cost holiday charter flights to Europe, known as "cheaps", could be tightened up, thanks to Civil Aviation Authority examination of the way the present regulations are working.

The cut-price fares—sometimes at less than half the scheduled rates—have seriously alarmed some European airlines. In theory the cheaps are package tours offering both flights and accommodation. Usually the flights are on chartered jets, mostly from Luton. However, instead of offering hotel bookings, the tours give vouchers for hostel rooms or other basic priced accommodation.

Recently one tour operator launched a programme with accommodation in Spanish caves. There are other tours to Greece, Austria and Switzerland.

The first major company to launch such a programme was Thomson Holidays, under the Wanderer banner. These tours to Greece, but later extended to several other countries, were challenged by British Airways as not being package tours in the true sense.

Greek island tourists face overbooking'

By Arthur Sanders

SOME HOTELIERS in the Greek islands have taken to more bookings from tour operators than they can possibly handle, according to the operators, and holidaymakers could be faced with overbooking difficulties similar to those seen in Spain last year.

Greece, whose weak currency has proved an attraction to tourists, looks like having its busiest holiday season for years.

But, says the trade paper Travel Trade Gazette, a meeting of the International Federation of Tour Operators in Palma, Majorca, this week has called for drastic action by the Greeks to help avoid serious difficulties. Membership of IFTO includes 21 U.K. operators.

Gas chief gives prices warning

A WARNING that tragic and lasting consequences would follow if gas prices were artificially raised to the level of electricity was given in London yesterday by Sir Arthur Hetherington, chairman of the British Gas Corporation.

A strong attack was also made by Mr. Denis Cooke, the deputy chairman, on proposals to remove the industry's powers of disconnection.

Sir Arthur said: "The fact is that two-thirds of the energy input into a conventional power station is wasted. Therefore electricity must cost at least three times as much as burning the same amount of primary fuel at the point of use, which is what happens with gas. In addition very high capital and transmission costs have to be incurred."

In a speech to the women's gas federation he said: "There is absolutely no reason why gas should be shunned in this inefficiency. I see in this the shades of the 1950s when coal almost bankrupted the gas industry. This could easily happen again."

"That would be a tragedy for the whole nation and one which still further, until a protracted

The new development which already has a stake in the industry and France where the positions. They may also expect that financial gain should not ordered the reduction in price of some 250 products. Actions of research and that the discovery of medicines to combat diseases of this kind could in the long-term affect the viability of the industry, he said.

"Dr. Hobday said governments try their responsibilities. The industry could require that the industry should in return, however, act responsibly and with due regard to the needs of society, removal of uncertainty and that industry should not threaten interference.

Later, after Mr. Ennals had revealed Merck's plans, the IFPMA conference heard a warning from Dr. Gordon Hobday, chairman of Boots, one of the leading U.K. pharmaceutical manufacturers, of the dangers of a world trend towards greater state intervention in the industry.

Dealing with the U.K., Dr. Hobday expressed concern over the limits placed on the patent protection enjoyed by the industry, the continuing dispute over promotional spending and the proposals for tighter control of the industry recently advocated by the Labour Party. Similar pressures in some cases existed in other countries and in several places moves were also being made to limit the freedom of doctors to prescribe medicines of their choice, he said.

The pharmaceutical industry is a risk industry: a great deal of research has to be done continuously if it is to be able to provide the new and improved medicines which society has now come to expect and demand. The research is, by its nature, costly and the amount which needs to be done before a successful outcome might be anticipated is large. It is very much an industry in which management characteristic of free enterprise is likely to be much more successful than bureaucratic control," Dr. Hobday said.

Dr. Hobday drew attention to similar intervention in the industry in other countries including Sweden where the State

WHO chief urges more help for poor nations

BY RYHS DAVID, CHEMICALS CORRESPONDENT

INTERNATIONAL DRUG manufacturers said the goal which should perhaps be chosen, was the provision of essential drugs to all needing them. To achieve this some countries might decide it was necessary to control the production or import of certain drugs even if this entailed limiting the free choice of drugs by doctors.

Urging the drug companies to examine their role in the third world, Dr. Fattorusso said there had been reports that some pharmaceutical companies were withdrawing from development of drugs for tropical diseases. He pointed to six diseases which were of particular interest to the WHO—malaria, schistosomiasis, filariasis, trypansomiasis, leishmaniasis, and leprosy.

He accepted that part of the solution to diseases in developing countries would come from better sanitation and public health measures, a point which the industry has been stressing.

"In selecting health technology intrinsic technical excellence is not an adequate criterion. It is necessary to identify a narrower range of technology that is not merely sound but that society can afford," he told delegates.

Quoting from a recent speech by Dr. H. Mahler, the director-general of WHO, Dr. Fattorusso

Demand for aluminium products continues to improve

BY RYHS DAVID

DEMAND FOR aluminium semi-fabricated products in the three months to the end of April rose by around 14 per cent, on the previous three months, reflecting improved levels of activity in a number of consumer industries.

Figures published by the Aluminium Federation in Birmingham indicate that, with April again a good month for the industry, despatches of rolled products in the February-April period totalled 55,866 tonnes compared with only around 41,000 tonnes in the same months last year. In the previous three months—November, December, January, February, March—despatches totalled 46,348 tonnes.

In extrusions, where the over-

all fall in demand over the past year has been somewhat smaller, despatches in February-April this year totalled 45,933 tonnes against 40,749 tonnes in the same period of 1975 and 42,356 tonnes between November, 1975, and January, 1976.

Other figures show that production of primary aluminium in the U.K. stood at 26,017 tonnes in April, slightly down on the March figure of 25,841 tonnes.

The drop is accounted for, however, by the holiday period.

Imports, which fell to 8,800 tonnes at the height of the cut-back in stocks last year, rose again to reach their highest level for some time in April, at 23,557 tonnes, a jump of 6,000 tonnes

on the March figure.

Primary despatches to customers reached a record 58,813 tonnes, 5,000 tonnes more than in March and double the 20,000 tonnes despatched in April last year. Secondary aluminium production and despatched aluminium—were both down in April compared with a month before, however.

Demand for aluminium has also continued to be strong in May and June since the period covered by the figures, according to Alcan, one of the leading suppliers to the U.K. market.

With U.K. prices for aluminium still some way below those on the Continent, export business is reported to be buoyant.

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Independent commentators consider that the fall in new whisky production could continue for some time.

According to the Customs and Excise statistics, the fall in production was shared equally by both malt and grain. Malt whisky output in the first quarter fell by 17 per cent compared with 12 months before to 16.25m. original proof gallons (the gallonage laid down to mature, some of which will be lost by evaporation) while grain production dropped 17.5 per cent to 17.8m. gallons.

In the first quarter of 1975, grain whisky bore the brunt, declining 17 per cent while malt slipped by only 4.8 per cent.

Commercial companies and organisations concerned with the development of energy and related matters, such as the protection of the environment and conservation, may be allowed to work on the Government computers to test and try out their various assumptions against the official picture of national energy resources and requirements.

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Mr. Anthony Wedgwood Benn, Energy Secretary, sees public access to the model, which has been built up from all available energy and economic data over the past 10 years as a logical extension of his policy of more open government.

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FINANCIAL TIMES REPORT

Friday June 18 1976

CRANES

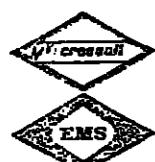
Because of the depressed level of U.K. construction
the crane makers are faced with sagging home demand. Happily
the export market is providing compensating outlets.

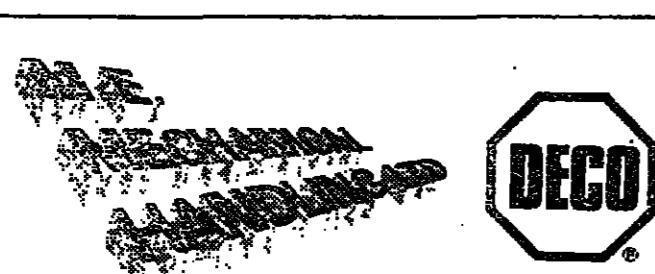
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THERE IS NO escaping the fact that prospects for the crane manufacturers are completely bound up with the fortunes of their major customers. This industry falls into three broad categories of equipment: mobile cranes; overhead travelling cranes; and other types. Mobile cranes are primarily used in the U.K. by the construction industry, overhead travellers by manufacturing industry generally, and the miscellaneous types in docks and ports.

So far this year there has been no improvement in the U.K. outlook for mobile cranes since the construction industry shows no signs as yet of a major pick-up in non-housing activity. Only last month the National Federation of Building Trades' Employers said that, far from bottoming out, the industry's workload looked as though it might continue to fall for another 12 months or even longer.

Most forecasts suggest that the fall in construction output will be about 2 per cent. this year after the 6 per cent. decline in workloads last year and the 10 per cent. drop in 1974. The industrial and commercial building sectors continue to cause the main concern.

To balance the extremely depressing U.K. picture, however, there is export demand. Two factors are important here. First, the U.K. mobile crane makers have kept well up with, and sometimes ahead of, the international competition as far as the introduction of new technology is concerned. That is projects of more than £3m. in value during 1976. The delay in Acreo subsidiary, consider this starting up many of the planned growth sector and can point projects and the effects of inflation to a 300-crane order from China have caused the corporation to show just how good are the reasons to revise its estimate of prospects. And the 800 Group's total capital expenditure in the Jones Cranes offshoot, having period 1974 to 1978 from

quaintly-named Iron Fairy tele. Manufacturers at the heavier end of the business can expect to sell at least 300 in their "fat" for up to two years. The second factor is the success of the U.K. construction length of time already and com-

panies in winning overseas contracts. Because the U.K. ring out of work—most can last to 1980. The present situation is that little for the crane makers from competitive, the British com-tonne steelworks crane costing forms ordered in the U.K. since 1972 have still to be installed at the major customers, the overseas activities. For this do a great deal to give the and another three are expected present recession is the worst reason export demand

expenditure on plant equivalent no requirement there will be no spending, then there will be no types of new shipping. All this fits the picture painted in the recent Confederation of British Industry quarterly survey which suggested that the volume of manufacturing investment in the U.K. will fall by around 8 per cent. between 1975 and 1976. The survey did suggest that the turnaround could be reached in the second half of this year and that investment in the 12 months ending June 1977 could be up to 10 per cent. higher than in the previous 12 months.

In more specific terms the mechanical engineering "Little Nelly" has forecast that new orders will rise some 15 to 20 per cent. this year from the very depressed levels at the end of 1975. The main upturn still seems likely to come towards the end of 1978 or early in 1977. By the end of this year order books should be back to near the levels of 1968 but still substantially below, perhaps by as much as 40 per cent.

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Upturn slow in coming

This report was written by KENNETH GOODING, Industrial Correspondent

Waiting

The main customers for the larger non-mobile cranes are steelworks, port authorities and the electricity industry. The manufacturers of the heavier overhead travellers have been waiting impatiently for the British Steel Corporation's modernisation programme to pick up speed. There were certainly fewer orders coming through for the big cranes early this year than had been expected.

However, the BSC programme should involve the introduction of new technology as far as the introduction of new technology is concerned. That is projects of more than £3m. in value during 1976. The delay in Acreo subsidiary, consider this starting up many of the planned growth sector and can point projects and the effects of inflation to a 300-crane order from China have caused the corporation to show just how good are the reasons to revise its estimate of prospects. And the 800 Group's total capital expenditure in the Jones Cranes offshoot, having period 1974 to 1978 from

Port Talbot or Redcar or years 1976, 1978 and 1979. Demand from on-shore facilities is also likely to be more than previously expected, at least in Department of Energy forecasts.

The electricity supply industry has been suffering a decline in demand and has been drastically altering its forecasts downwards. The most recent estimate is that demand for electricity in the winter of 1982-1983 will be 52,000 MW against a 1975 forecast of 56,000 MW. Taking account of works in progress and power station closures, the Central Electricity Generating Board has now no need to order new fossil fuelled power stations for meeting system demand until 1979. On could produce additional total the assumption that there is

increase in the price of crude oil, the fall in oil consumption, the reduced demand for tanker tonnage, and the collapse of the tanker market, all coming at a time of general world-wide recession in trade, have combined to create the present disastrous climate.

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CRANES II

Uneven pattern of growth

IN TERMS of sales, the mobile overhead crane sector is the most important in the U.K. Department of Industry statistics for 1974 show that U.K. manufacturers' sales of mobile cranes were worth £62.6m. compared with £21.5m. for overhead tra-

Dockside and tower cranes. But this expansion for the £6.2m., while sales of all other non-mobile sector has not been maintained. The rate of growth of parts and accessories sales has been slow, certainly in real terms, since 1968.

The industry as a whole employs 13,500 people and, of figures change from year to year, the relative importance of the mobile crane sector has been increasing.

The crane industry enjoyed a fairly rapid growth from the end of the war to the late 1950s.

In the first half of the 1960s total crane demand was virtually static (even in money terms).

Towards the end of the decade, demand expanded, first for mobile cranes and later for non-mobile types.

This rise in demand for non-mobile cranes was the result of a resurgence

of demand for steelworks cranes

and new developments such as

ship-to-shore container cranes

operating mainly in the overhead travelling crane sector with turnovers of less than £500,000 a year.

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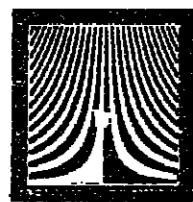
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The industry as a whole employs 13,50



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• HANDLING

Making old weigh bridges accurate

FACED WITH the problem of modernising and metricating vehicle weighing at a company plant in BSC's Llanwern steelworks, Scrap Processors (SPL) opted for a technique that should interest weighbridge users who need to improve weighing practice without the inconvenience of installing new equipment.

Instead of buying a new load-cell weighbridge, SPL asked W & T Avery if the existing 100-tonne capacity mechanical machine could be converted to electronic operation. Avery inspected the weighbridge and decided it could be converted by fitting a load cell to the output side of the lever system.

By producing electrical signals proportional to weight, such conversions can provide most of the benefits of a full load-cell system. Weighing is upgraded to current standards, with improvements in both performance and productivity.

Digital instrumentation can be connected to the cell and, connection being by cable, can be located remotely from the weigh platform, an amenity difficult to achieve economically with mechanical systems. Equally important in many applications, weight data in binary coded decimal form is automatically made available for computer reading at an interface in the instrumentation. Moreover, conversion entails relatively little disruption to normal working. It can be carried out quite rapidly.

Avery is at Smethwick, West Midlands, B66 2LP. (021-538 1112.)



This is the Load Lifter, one of the biggest lever arm, demountable skip handling systems to become available. Skip volume is 35 cubic yards and hydraulic lifting capacity is over 20 tonnes. The system has been designed by Telehoist of Cheltenham, Glos. for 30 tons gross weigh vehicles.

• COMPONENTS

Switches to last a lifetime

HALL EFFECT switch technology, pioneered by Honeywell's Micro Switch Division, several years ago with the large-scale introduction of data-processing equipment keyboards based on it, is now being applied to many other forms of switching.

Most electronic circuitry presents no interfacing problem and the devices have been tested up to 12bn. operations without failure. Further details from Honeywell, 2 Charles Square, Bracknell, Berks. Bracknell 24555.

June 1976

This advertisement appears as a matter of record only.

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- Girozentrale -

Agent

Westdeutsche Landesbank Girozentrale

• EXHIBITIONS

Opportunity in Brussels

THE 25th World Fair for Juteations is to be held in Brussels from December 3-12.

For the first time, the scope of the Fair has been extended to include companies who may wish to exhibit new products or processes which are already commercially established, but which are available for manufacture under licence.

Inventors or companies who wish to consider exhibiting at the Fair can obtain information from the British agent — OEM Design, Mercury House, Waterloo Road, London, S.E.1. 01-928 3388.

SEVENTY per cent of the 18m. transactions made each year by European banks are still handled by paper, says Frost & Sullivan, the international technical market research organisation—in a detailed study it has just published on the European market for on-line banking terminals.

The survey notes that even though the banks employ sophisticated electronic data preparation systems to maintain clients' accounts, they still annually incur \$5bn. in operating costs just to process their transaction work-load—and the research company estimates that this work volume will double by 1985.

That is why European banks are inevitably going to install on-line systems. The Frost & Sullivan study shows that European banks plan to spend \$175m. a year on terminals and automatic tellers and will incur an annual net saving of about \$500m. on this investment over the next decade.

A survey of banks' incomes indicates that European banks—commercial, savings, post offices and Giro—had an installed base of some 40,000 terminals at the end of 1975 with Sweden accounting for the largest percentage penetration.

France offers the best market potential, the report says, because banks there plan to install 20,000 terminals between now and 1980. Germany's commercial banks also represent a significant market.

A trend away from conventional bank branches to the use of terminals, for example, in department stores, hypermarkets, etc., is accelerating Europe's move to on-line banking.

Indeed, this kind of development is occurring routinely throughout Europe, especially in France. The study does not see European banks adopting credit cards on a widespread basis, except in the United Kingdom and parts of Scandinavia. Greater

emphasis will be given to other forms of payment and the current system of clearing cheques by paper will almost disappear by the 1980's, being replaced by a system of "guaranteed cheques".

All of the present ferment in banking has not helped the big computer manufacturers. "So far they have been unable to utilise their existing relationships with the banks to place their own terminal systems," the study notes. IBM, for example, faces stiff competition, though it dominates the mainframe business. Indeed, according to Frost & Sullivan, Philips accounts for more than 20 per cent of the installed and back office terminals installed in Sweden. Datastar is in a preferred position though this situation "will not necessarily continue."

To achieve all this on-line automation, however, banks need to overcome one major problem area: procedures need to be modified throughout Europe so that payment documents need not be returned to the paying branch.

Magnetic tape transactions will be replaced by direct electronic funds transfer and manufacturers must introduce equipment that can capture both alpha and numeric data. Such systems are under development but many banks worry that nothing is yet available to meet their needs.

Copies of the report are available, price £340 from Frost and Sullivan, 110-111, Strand, London WC2R 0AA (01-536 8918).

Long life cartridge for data

SMALLER than a compact cassette yet using tape of similar width while providing a life of over 5,000 passes is the DC 100A data cartridge from 3M.

It is designed for us with 3M's new PCD-I data cartridge driver, containing a 5 in. cube or with OEM drive units. As many as four of these drives may be incorporated into one system, selectable by control circuitry.

The average data capacity of one DC 100A cartridge is 100,000 eight-bit bytes, with an average transfer rate of 2,530 bytes/sec.

Tape speed is 30 ips forward and reverse—but 60 ips reverse speed can be specially ordered. The mechanism has a 27 millisecond start delay and 5 millisecond stop delay.

Recording is in serial mode across the full width of the 0.150 in. tape, which virtually eliminates "soft" errors. The encoding technique is independent of tape speed, and control logic prevents the drive from accepting any command that might harm the cartridge.

Further from 3M Recording Materials Division, 350, Harrow Road, London WD 2HU. (01-266 6044.)

• PACKAGING

Filler for solids and pastes.

CAPABLE OF filling 5ml. to 25 litre containers to an accuracy of ±0.25 per cent by volume, an air-operated semi-automatic machine for handling viscous food, pharmaceutical and chemical products and food solids-in-suspension has been designed by Neuma, Quarry Road, Newhaven, East Sussex, BN9 9DE (0792 4301).

Rate of filling is up to 35 50ml., 20.1 litre and 15.25-litre containers/minute depending on the product. The machine works through a positive displacement pump and reciprocating air motor feeding a three-port rotary valve all mounted on a mobile frame. A shear blade on the outlet port ensures a clean cut-off for viscous and solids-in-suspension products. An interchangeable dispensing head is available for filling liquids.

Four pump sizes are available with interchangeable barrels and pistons. A turret control on the air motor allows a change in any of six preset volumes. An automatic counter gives multiple pump cycles for containers up to 25 litres. All contact parts are in stainless steel and seals are in material appropriate to the product being handled. The machine can be operated by unskilled labour.

40000 can operate on the hybrid bases at production rates of 1200 grates with the 4000 bonding, trimming, reflow soldering and other finishing units.

Further information from has been under development in DEK Printing Machines, 1 European multi-national," well known in the electronics industry for its almost faultless insistence on quality assurance. It was officially launched at Nepcon, East, New York, a few days ago.

It incorporates a magazine storage unit which goes a long way towards overcoming problems created by the widely varying times needed in the successive stages of hybrid circuit manufacture.

LATEST IN the Edwards range is the 6.5/3000 guillotine. It is available with capacities of 6.5 x 250 mm, 6.5 x 300 mm, 10 x 2500 mm, and 10 x 3000 mm.

FACILITIES for polishing, grinding and lapping applications are offered by Metallurgical Service

BEARINGS
Koyo
quality delivered on time

Universal specimen polisher

The printer gives a registration down to +0.002 inch better than standard, which enables narrow, including interchangeable polished design used widely in the U.S. and elsewhere. This degree 1000 mm long, and is fitted with a set of carbon chrome steel precision techniques.

Three standard sizes of substrate are catered for—2 x 2, 2 x 1 inch and 1 x 1 inch.

F. J. Edwards, 28 Sunbeam Road, London NW10 6AP (a 600 removed for examination without stopping the machine).

The standard wheel is 200 mm diameter, and up to six specimens can be polished simultaneously with individual loading.

Blades capable of cutting both simultaneously with individual loading, varying between 0 and 1.5 mm.

Specimens can be removed for examination without stopping the machine.

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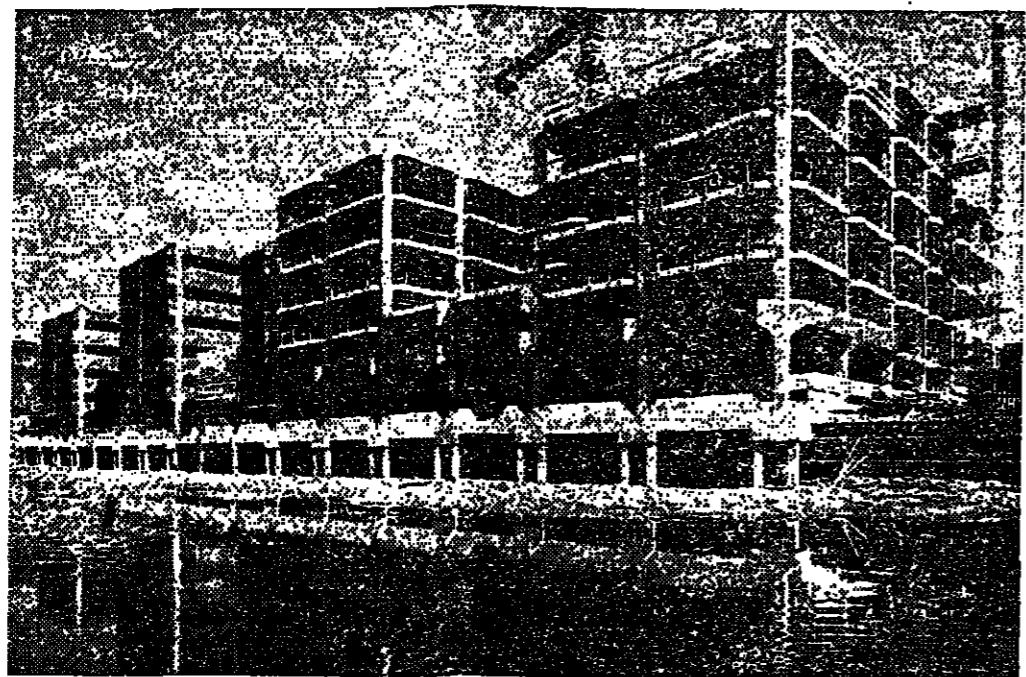
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The Property Market

BY QUENTIN GUARDHAM



Ariel has 206,000 sq. ft. Dutch letting

Last month, Town & City Properties sold its 726,000 sq. ft. gross Europoint development to the municipality for £25.5m. Now, success of Gooch & Wagstaff's Dutch subsidiary has let the 206,000 sq. ft. net complex above which, as you can see, means it has done the rest being letting some way before completion.

In a week when Land Securities' 57.7m. exchange loss emphasised

Ariel Developments? Hardly the danger of sterling's fall to a publicised name, but this deal should emphasise three points: unmatched or uncovered foreign first, that the company is moving borrowings. Rotterdam again quite fast apart from U.K. provides a rare item of good schemes, mainly in the Midlands.

development news from abroad, there are three Dutch developments nearing completion and they are all now understood to be fully let. Then there is the success of Gooch & Wagstaff agents who through their Dutch office have advised from the site acquisition stage onwards.

Thirdly, this deal shows that Wimpey has not lost its touch for hacking developers while it is also, in the U.K., going out on a new tack as a sole developer.

Ariel Developments is a 50 per cent. subsidiary of Wimpey, 40 per cent. of the rest being

the result of a policy decision taken in 1974.

Previously, of course,

have been joint ventures—like

a half share with Stock Conversion in the Euston Centre—and

shares like the Ariel one.

The Oldham Estate shareholding was the most celebrated and profitable—when the tax bill is settled it should still show

Wimpey a £25m. plus profit with a retained 104 per cent. of

Oldham thrown in for nothing.

In one sense, both Wimpey's

stake in Ariel and its own projects through Wimprove Developments, can be seen as putting

some of the Oldham profits

back into development, allowing

an interval for the height

of the boom between selling the shares in 1972 and reinvesting

in a market trough.

Among projects already

underway are offices of around

40,000 square feet in Basingstoke

and in Borough High Street

London; smaller offices in Leeds,

with sites also acquired in

Woking and Cardiff; and contracts just been exchanged

over the waterfront of the Zalmhaven. Completion is about six months away.

Gooch & Wagstaff, whose

specialty is investment funding,

opened in Amsterdam three and

a half years ago. They found this

site and took it to Ariel, to which

they are retained surveyors.

There are now looking for other

possible developments in

Holland, West Germany and

Belgium and may have a Ham-

burg office scheme ready to go

soon. In their negotiations

with NSU, the Dutch group was

advised by Kok Bedrijfshuis-

vesting.

The rental achieved is unfor-

tunately being kept quiet. How-

ever, backed by an indexed and

reviewed lease which is longer

than the common five year

plus five Dutch model, and with

a covenant as good as NSU's, this

makes a saleable investment in

Holland's quite well developed

investment market. The options

of longer funding or a sale are

being kept open.

In contrast, Harry Norris,

Wimpey director, says that in

Wimpey's new role as a sole

developer in the U.K., "There is

no way you can get long-term

financing in a form which makes

retention possible." The new

role is already quite extensive,

the result of a policy decision

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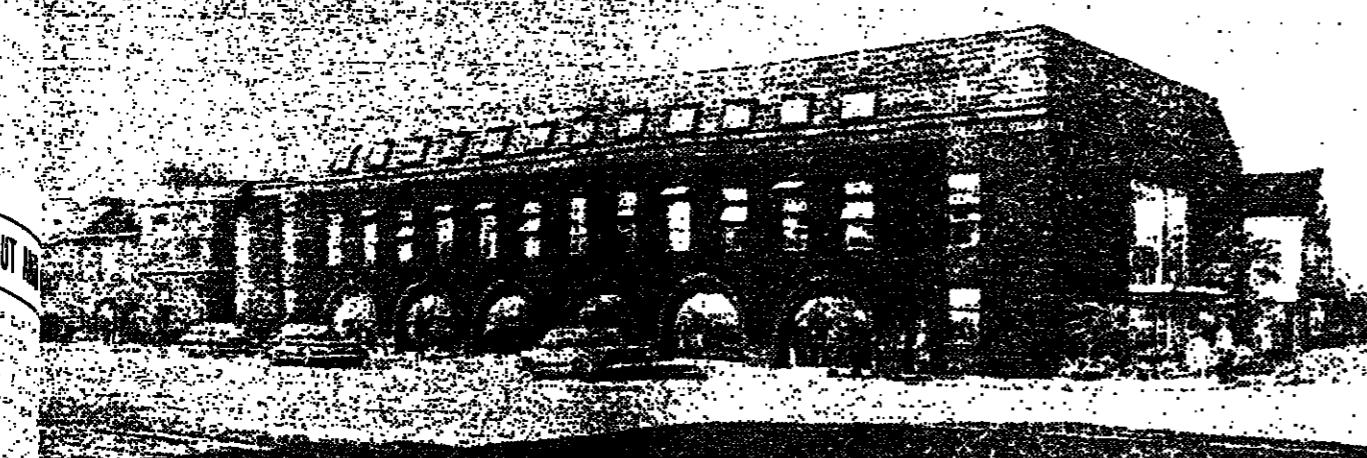
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advised by Kok Bedrijfshuis-

vesting.

The rental achieved is unfor-

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St. Paul's House, Canterbury, a new office development by Whitbread Trafalgar Properties which will be ready for occupation in November.

Canterbury offices ready soon

What could well be the last new office block to come onto the market in Canterbury for some years, is due for completion in November.

Developed by Whitbread Trafalgar Properties Ltd, the building to be known as St. Paul's House provides 7,948 sq. ft. of offices on two floors with 3,850 sq. ft. of showrooms on the ground floor.

Canterbury has proved to be one of the most successful of South-Eastern centres in attracting commercial firms from London.

The Institute of Bankers and Clarkson International Insurance Brokers have recently moved into the city with the result that very little new office accommodation is currently on the market.

One of Canterbury's big advantages as far as relocating firms are concerned is the substantial pool of both clerical workers and middle rank managers who live in the area yet travel to London to work.

Firms who have already taken the decision to move to Canterbury have found few problems in attracting new employees—often at salaries substantially below those prevailing in central London.

The city and its surrounding areas also provide an attractive environment in which to live and work. It is 20 minutes from the Kent coast yet only 30 minutes by rail from central London.

St. Paul's House is the ninth office development to be carried out by Whitbread Trafalgar—

the joint company set up by the Trafalgar House Group and Whitbread to rationalise the latter's property assets.

It is situated on Broad Street—Canterbury's ring road—at the corner of Church Street, adjacent to the new Magistrates Courts and close to the Cathedral.

Architects Ronald Ward & Partners have designed the building to blend with the surrounding properties.

It consists of a reinforced concrete frame with brick facades and arched windows for the ground floor showrooms.

Floor loadings for the upper floors allow for 100 lbs per sq. ft. loading including partitions.

In the office areas the walls and ceilings will be plaster finish while the showrooms will be in shell form.

The development provides seven car parking spaces and additional public car parking is available nearby.

The main office entrance is in Church Street so that traffic using the building will not interfere with that on the ring road.

A rent of £350 per sq. ft. is being asked for the development.

Agents for the scheme are Jones Lang Wootton (101-493 6040) and Finn-Kelcey Collier & Ashton (0227 65527), who are offering the lease on a 25-year term with rent reviews every five years.

While the agents would naturally like to let the entire building as a single unit they are prepared to consider divid-

ing it up by floors.

An automatic passenger lift and a heating and ventilating system to the upper floors gives full flexibility for sub-division or use as open plan offices.

One interesting feature of the development is the retention of the old Dukes Head public

house which was built on the site in 1774.

It has been carefully restored and will be brought back into use as a shop selling reproduction furniture.

Total cost of the whole development is in the region of £400,000.



The Dukes Head public house which has been restored as a part of the St. Paul's development. It will be used as a shop selling reproduction furniture.

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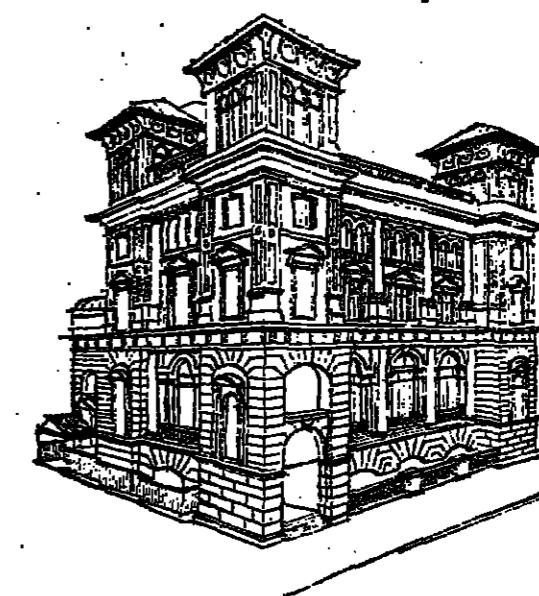
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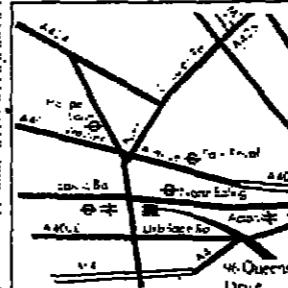
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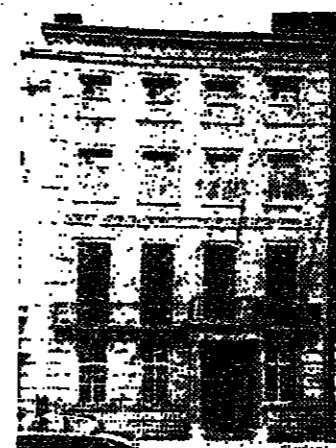
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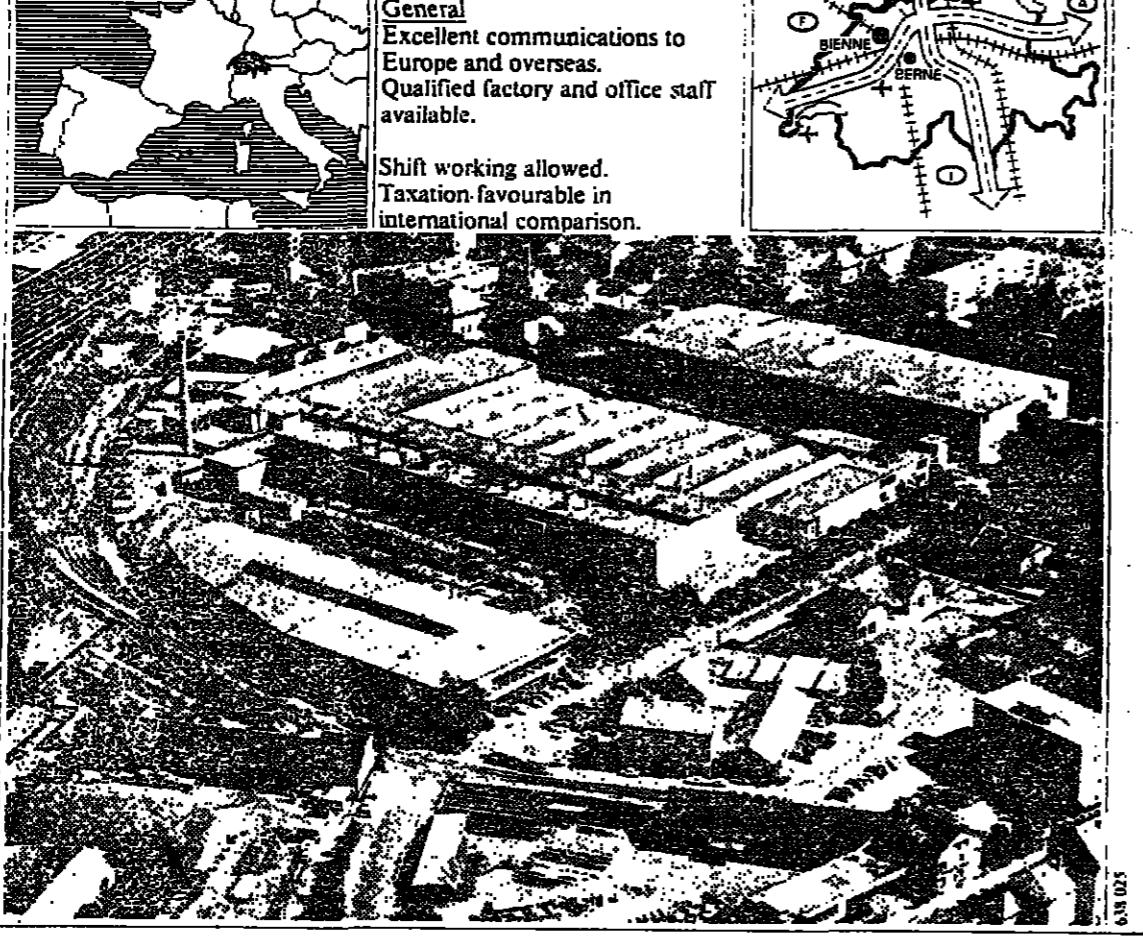
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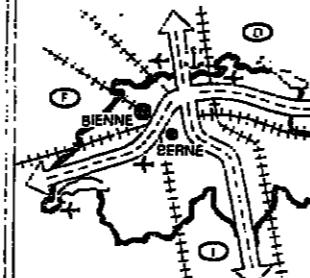
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URANIUM REVIEW

Quest for a stable market

SIR JOHN HILL, chairman of the U.K. Atomic Energy Authority, addressing the Royal Wright of RTZ put it yesterday. It is not the uranium reserves that matter, he says, of "far more than nuclear fission." Both Australia and Canada, for example, have restricted uranium exports.

What of alternative sources of supply to the major producers? Britain has long hinted at the idea that, if all else fails, it could still depend on uranium present in seawater.

Dr. A. von Kienlin, chief executive of Urangessellschaft, the West German nuclear fuel group, placed alternative uranium sources squarely alongside the so-called "benign and renewable" energy resources.

Impatience over delays and impractical ways of harnessing large amounts of energy.

Most promising of the alternative sources would be phosphates. But to secure an output of 5,000 tonnes a year, planned output of the new Rossing mine—hence uranium demand.

There is another factor affecting reactor construction: whether the influence of nuclear energy's opponents would impose siting and safety restrictions so onerous as to affect the economic attractions. But the Uranium Institute says Mr. Koski, its secretary-general, is conceived as it will add substantially to a centre where producer and customer can thrash out a more sophisticated picture of the.

Yet another uncertainty is the absence of the U.S. producers, representing one-quarter of "reasonably assured reserves" of uranium in the non-Communist world, was a flaw in the fledgling. But a bigger one proved to be the exclusion of the customers for uranium.

The idea of a co-operative planning effort among the world's uranium producers to try to improve the stability of their market bore fruit last June, after a troubled gestation when U.S. producers dropped out at a late stage. An article in an influential U.S. business journal entitled "It worked for the Arabs..." disclosed that the producers had been meeting since 1972 and hinted darkly at threats of a "uranium OPEC."

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The underlying problem is clear from the accompanying curve showing the erratic way in which world production of uranium has fluctuated over its brief lifespan. The very rapid postwar rise to a peak of almost 40,000 tonnes of uranium oxide was followed in the early 1960s by an almost equally rapid collapse, which only now is resolving itself into what Mr. Reginald Worrall, uranium adviser to the Chamber of Mines of South Africa, describes as a "rather hesitant upward climb."

The Uranium Institute was set up to try to smooth out the rate at which energy consumption is increasing. But for late uranium—a strategic material since the discovery of nuclear fission.

The institute's members on Wednesday evening, likened the institute to Christopher Columbus who when he set out didn't know where he was going when he got back didn't know where he'd been, and had made the jaunt at someone else's expense. The joke was apt and appreciated by his audience, who were in London to celebrate the first birthday of their infant "think tank."

Uranium is unique as a commodity inasmuch as there is no substitute for it except plutonium, itself a by-product of burning uranium. And as Sir John observed, substitution has a stabilising effect over a very wide range of human activity.

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BOOKS

Frenchman in the lab

Y.C.P. SNOW

Joliot-Curie by Maurice Goldsmith, Lawrence and Wishart, £6.00. 260 pages

Joliot-Curie was a great experimental scientist. He was also great left wing public figure—last great scientist, along with J. D. Bernal, to insist that we understand our time at all, particularly that between, say, 1939 and 1968. So, we are likely to have this excellent biography, written with wit and elegant precision, relate in its explanations of his scientific work, maybe a side unsceptical about some of his beliefs though not overruled or carried away. There

In his early twenties, Joliot was another left wing scientist, and in many ways the most effective of his time. He gave Joliot sensible pragmatic advice about the probable usefulness of the campaign of his later life.

Joliot was born in 1890, into a comfortable businessman's family, not well off, in the middle class. His patron, a jeweller, a fine scientist who didn't have quite Joliot's aims, he nevertheless warned that he would suffer from going to one of the best universities or to a grande école. M. Goldsmith makes rather a lot of his being kept outside the French "establishment." I never have believed so much in those conspiratorial enemies, and in any case I wouldn't amend Groucho Marx, like to long to an establishment which included me in it. Joliot had more than enough equipment to help him make his way: wasn't an intellectual (in these respects radically unlike a major ally Bernal), or a socially complex character. He was an athletic practical youth, usually good-looking and from

an early age attractive to women. He was quickly spotted as a superb experimenter, someone who could think with his hands, and before he was much over 30 became recognised as one of the boys of the century.

In terms of scientific talent he was second to English equivalent Blackett, but he was, rather strangely, more modest—and so did the best scientists of the thirties one of the consequences of his own work, which in retrospect seemed to stare them all in the face. This was nuclear fission.

During the war, immersed with much bravery and resource in the Resistance, he became a Communist. In his direct concentrated fashion, this seemed to him the one prospect of a more desirable life for most people. He remained committed until his death in 1958, and remained

so, a personal assistant to Madame Curie. For most young men that wouldn't have been an easy relationship. Madame Curie may appear in films as a scientist saint, but she was a formidable woman. Joliot almost immediately became a sort of surrogate son—through what?

Innocent charm, a kind of uncalculating knowledge of how to look after himself? His enemies thought that all through his life he was "on the make." That is certainly untrue. He made great sacrifices and took great risks. But sometimes he did show a certain naïve, charming He married Madame Curie's daughter Irène. She was working in the laboratory, and was a very good scientist, independently minded, and he was. The two of them collaborated until she died. The marriage seems to have worked. He was courted by many women, had more than the normal share of vanity, and enjoyed them.

He added Curie to his name. He and Irène made a major discovery, by creating artificial

radioactive elements. This was one of the very great discoveries of the age. They duly, when he was 35, got a joint Nobel prize, deserved without the faintest qualification. From that time on he was one of the most famous physicists there were, rather strangely, he missed—and so did the best scientists of the thirties—one of the consequences of his own work, which in retrospect seemed to stare them all in the face. This was nuclear fission.

As a scientist Joliot was the most distinguished Communist alive. He did become President of the World Council of Peace. This was an organisation started, supported and administered by Communists, though it attracted support all over the western world from people dedicated to the prospect of nuclear war. It was as though the present power to mobilise great land armies, on the scale of 1914 to 1918, then perhaps the Peace Council might have had an effect. On my conceivable modern war, it had none at all.

For Joliot himself, the campaigns brought intense satisfaction. He did what he thought was right, won acclaim and love from his supporters, hatred from his enemies. For him, as a matter of individual duty and grace, had warned him: At this distance it is difficult to believe that the effort was governments. If the West had been required that was enough.

A drawing by Picasso of Joliot-Curie

As a scientist Joliot was the most famous public spokesman, position in the world, and the Bernar, Hys, Ehrenburg, Joliot state of nuclear weapons, would himself travelled incessantly from capital to capital. It took a Joliot had never addressed a public meeting or signed a statement. This may not be quite true of the effect of the Picard Joliot. It was this expenditure meetings, which produced exchanges of views between American and Soviet scientists, had warned him: At this distance it is difficult to believe that the effort was governments. If the West had been required that was enough.

Raymio

BY ANTHONY CURTIS

The Life of Raymond Chandler by Frank MacShane. Jonathan Cape, £5.50. 306 pages

Serious students of Raymond Chandler, of whom there now appear to be several million worldwide, agree on one salient point: Philip Marlowe, common to all the books save those containing the early stories resurrected from the pulp, is a person of great complexity. Marlowe's nature is much more complex than that of, say, Sam Spade, James Bond, Hercule Poirot, Lord Peter Wimsey, to name some notable operators who like him have passed through fiction and into popular mythology.

Unlike those detectives whose strong suit is the rational faculty, Marlowe operates basically through intuition. He has an intuitive sense that certain individuals in certain situations need protection and that protection he provides.

He is an anti-intellectual intellectual, who courts danger and suffers violence to his person with the relish of a dedicated masochist. He lives in a bachelor pad where his chief pleasures are chess and listening to modern music. His only friends appear to be his enemies—the police. He has no love of food or wine, but is a very heavy spirit-drinker; his engine ticks over on Scotch. He is not a smart dresser, but he has a high standard of personal hygiene, always taking a shower-bath after contact with the underworld, and powdering himself with talc.

I could go on but I won't. To my mind the definitive essay on "The Complexity of Philip Marlowe" still remains to be written but the question now is, in the light of Frank MacShane's biography, what are the points of correspondence, if any,

between the nature of Marlowe and the nature of his creator? As one might have expected there are many. Mr. MacShane (previous books on Ford Madox Ford and Burgess, teaching job at Columbia University) has been given a free run of all the papers by Helga Greene, Chandler's literary executor, and he has left no leaf unturned. In spite of his industry he has not been able to document the obscure years absolutely thoroughly, and the obscure years went on for a very long time.

Chandler was an infant prodigy of 45 when he first began writing for his living, and at 50 became established. The Big Sleep in 1939 which first introduced Philip Marlowe, One gets from Mr. MacShane's pages a pretty good idea of how

Chandler was like any other youth with literary longings: he wrote verses and he dreamed dreams of publication. He read Saki's stories with particular admiration, and here we do have an influence to be transposed later into an entirely different key. But after Dulwich he had to have job security which writing does not normally provide, and he joined the Civil Service. That did not last. He wrote some book reviews and then went back to the States.

The first war put a stop to his drifting and in 1917 he enlisted in the Canadian army. After the war he returned to Los Angeles where he had made friends with some people called Lloyd he had met on the boat. His mother was out there with him and they stayed with friends of the Lloyds, the Pascals. "Rummo"—as he called him—and Cissy Pascal fell in love. She was divorced from her husband in 1920, and in 1924 after Mrs. Chandler's death she married Chandler. He was 35, she was 53. It was her third go, his first. They stayed together with some very minor infidelities on his part until her death in 1954.

She was the wife of Leonard Russell of the Sunday Times—"the beat of my heart for 30 years. She was the music heard faintly at the edge of sound. It was my great and now useless regret that I never wrote anything really worth her attention, no book that I could dedicate to her."

Through the Lloyds Chandler also found lucrative employment with the Dubrey Oil Syndicate in Los Angeles. His supernumerary grasp of detail and facility in dictation proved an asset in a rapidly expanding enterprise and throughout the '20s and early '30s Chandler rose in the hierarchy. He also gained a good working knowledge of the skulduggery that may go on behind a respectable business facade, knowledge that was to be a feature of his fiction. But although he became president of several companies the job did not last: with Chandler nothing ever lasted. He began to hit the bottle heavily; eventually after quite a few over-ups he had to be sacked.

It was this personal crisis, well described in the biography, that turned him into writer, and sharpened his belligerence against Lawrence, Forster, Kipling, Dickens, Keats, Philip Larkin, and Shakespeare, the writers with whom Professor Bayley is chiefly concerned. With the exception of Kipling, and given Professor Bayley's thesis, this choice of authors is hardly adventurous. Little is said to justify Foster's place in such company, and the discussion of Kipling, who does belong here, is disappointing: an opportunity missed. Dickens and Shakespeare, in their different methods, stand firm and find a totally unified artistic coherence where once there was considered only chance.

It is not part of John Bayley's purpose in *The Uses of Division* to confront directly these various issues, or to offer an alternative critical method: nor is he concerned with what is coming to be called the new literary history ("Really," he writes, "is a hopeless word, in the most vigorous of the essays). His basic point is accepted

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disconcerting as a poet when the characteristic element of "vulgarity" is allowed to be an integral living part of his work, rather than an immaturity which the critic in him learned eventually to discard. In this he seems perhaps nearer to Dickens than to any other author discussed in *The Uses of Division*, though

Professor Bayley's movement from Keats to Larkin is convincingly defended. Larkin is offered as the finest, and rarest, type of modern poet, someone who cultivates not a bawdy self-seeking image, but whose personality, like that of Keats, grows and develops through the poetry.

All of these judgments are pursued with the lively critical intelligence one expects from Professor Bayley, but too often the liveliness is allowed to subdue intelligence. At one point the French structuralist Roland Barthes is mocked for building an elaborate critical method to establish what most readers will open a novel take for granted. The point is well-made, but Professor Bayley's kind of criticism has something of the pomposity and self-importance of Kipling, and given Professor Bayley's thesis, this choice of authors is hardly adventurous. Little is said to justify Foster's place in such company, and the discussion of Kipling, who does belong here, is disappointing: an opportunity missed.

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Dickens and Shakespeare, in their different methods, stand firm and find a totally unified artistic coherence where once there was considered only chance.

There's something basically anti-social, though, in the narrator's casual mention, on the last page of his "congenital lack of curiosity in the personal lives of other people," since that, after all, is what novels, even thrillers, are all about. There's a not bad degree of tension when cars and cricket bats become murder weapons in Hamilton Terrace and Elm Tree Road; plus some good journalistic stuff about special occasions, at Lord's and nearby; and lots of sex, including the now statutory lesbians.

There's a heroine called (wait for it) Nhemusyne (known as Nemo, therefore being "nobody"—available for demonic possession), golden-eyed, flame-like, assorted moths she murders or tries to murder—Oxford don, anti-social, though, in the narrator's casual mention, on the last page of his "congenital lack of curiosity in the personal lives of other people," since that, after all, is what novels, even thrillers, are all about. There's a not bad degree of tension when cars and cricket bats become murder weapons in Hamilton Terrace and Elm Tree Road;

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Right and left hand

BY PETER KEATING



Len Deighton: skipping dangerously about

undergraduate, psychiatrist, scientist, writer, and man come to mind: the roof; murder by garden fork, bat pin, and pushing of the ladder; attempted murder by chisel and hammer; corpses in ice-box and Porsche.

David Hughes' *Memories of Dying* seems to have lumbered itself unnecessarily with a supernatural-structure for his psychologically realistic action, and the writing is so good one wonders why. This lumbering does nothing to help an already complex story and simply trips belief up every now and then, when one happens to notice it. The story is that of an old man and his dreams and fantasies of past murders, his ideas of those he has killed in his life, his own death at last; and the take-over of a younger man's spirit by dying one, the younger man's memories of childhood, his own dreams, past and present, the first and second world wars, both men's interlocking lives.

There's richness and reality there, the sort of depth Moths never achieves and Deighton never aims at; but the technical problem of expressing them through fantasy is never satisfactorily solved.

Testkill occurs in the vicinity and among the frequenters of Lord's during a test match. Its milieu is that of a world-class cricketer turned cricketing journalist, and as the joint authors, Ted Dexter and Clifford Makins, are respectively those two things, it's presumably exact in cricketing and social terms. There's something basically anti-social, though, in the narrator's casual mention, on the last page of his "congenital lack of curiosity in the personal lives of other people," since that, after all, is what novels, even thrillers, are all about. There's a not bad degree of tension when cars and cricket bats become murder weapons in Hamilton Terrace and Elm Tree Road;

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and other defences of one's way of life. But our side wins, after a skirmished and complicated chase.

The typical simplistic MacInnes product, a bit more concise than the recent ones.

Time for Payment by H. H. Kirst, Collins, £2.95. 250 pages

This concluding volume of a trilogy, this story stands perfectly well alone. Superintendent Keller, of the Munich CID (but now retired), is a convincing and compelling creation, and the author has surrounded him, the central, with a whirlwind of crime. The large cast of characters is colourful, skilfully deployed, and the city of Munich comes vividly to life. All praise to J. Maxwell Brownjohn for his translation, which flows smoothly and naturally. No mean feat.

Books on Islamic themes continue to appear in conjunction with the World of Islam Festival, owing to the growing interest in Islam which can no longer be completely unknown to Londoners. Islamic Science by Seyyed Hossein Nasr, World of Islam Festival Publishing Company, £12.50. 273 pages. 135 plates

Geometric Concepts in Islamic Art by Issam El-Said and Ayse Farman, World of Islam Festival Publishing Company, £7.50. 154 pages. 54 plates. 103 figures

Islamic Architecture in North Africa by Derek Hill and Lucien Golvin, Faber and Faber, £25.00. 157 pages (text) 560 (plates)

Islamic Painting and the Arts of the Book by Basil Robinson, Erm. J. Grube, G. M. Meredith-Owens and Robert Skelton, Faber and Faber, £50.00. 322 pages (text) 201 (plates).

Books on Islamic themes continue to appear in conjunction with the World of Islam Festival, owing to the growing interest in Islam which can no longer be completely unknown to Londoners. Islamic Science by Seyyed Hossein Nasr is a beautifully illustrated introduction to an aspect of Islam that is often neglected—the endless curiosity with the universe. Here is the Islamic contribution to cosmology and geography, geology and mineralogy, botany and zoology, as well as the preoccupation with mathematics, astronomy and astrology and Islam's development of medicine and pharmacology. The author sets these scientific achievements in the context of the universe. Here is the Islamic contribution to cosmology and geography, geology and mineralogy, botany and zoology, as well as the preoccupation with mathematics, astronomy and astrology and Islam's development of medicine and pharmacology. The author sets these scientific achievements in the context of the universe. 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PARLIAMENT



Foot may soon act to speed legislation

By Richard Evans, Lobby Editor

THE GOVERNMENT'S business managers are keeping all their options open on the timing of the Parliamentay session because of the continuing Tory tactics of non-co-operation over Government business.

Mr. Michael Foot, Leader of the Commons, was obliged yesterday to announce another largely non-controversial business statement for next week because of the Government's lack of an overall majority.

But he stressed that Ministers remain convinced they will be able to pilot all contentious Bills through Parliament this session.

Once the Rotherham by-election takes place next week, and a new Labour MP is elected as seems certain, the Government will have a majority of one over the combined Opposition and will be able to risk bringing forward controversial Bills.

The chances are that a guillotine motion to limit time for debate will be brought forward after next week to speed the Parliamentary programme. The Government's difficulty is that too many major Bills are stuck in the Commons at a very late stage in the session. Once through the Commons, they still have to go to the Lords.

A decision on tactics will not need to be taken until early July. But among the possibilities are that Parliament will sit well into August or that the present session will be extended beyond October. This would have the drawback of eating into next session when the massive devolution legislation promises to require a great deal of Parliamentary time.

The Finance Bill, now in its committee stage, has to become law by August 5 which means it should go to the Lords around mid-July.

Although the by-election next Thursday should ease the Government's problems, there is still no sign of an accommodation between Ministers and Mrs. Thatcher over the disputed vote that saved the Shipbuilding Bill. Informal discussions between the two sides are continuing spasmodically, but Conservative leaders remain adamant that they will not be prepared to restore normal relations until the result of the alleged broken pair is overturned.

Next week's business

MONDAY: Debate on employment opportunities for young people.

TUESDAY & WEDNESDAY: Development Land Tax Bill remaining stages.

THURSDAY: Supplementary Benefit (Amendment) Bill, second reading; Public Lending Right Bill, second reading.

FRIDAY: Road Traffic (Seat Belts) Bill, remaining stages.

MONDAY: European Agency of Purchases Bill, committee; Local Government (Miscellaneous Provisions) Bill, committee; Northern Ireland (Trial of Terrorists Witness Protection) Bill, second reading; debate on the Ordnance Survey.

TUESDAY: Fair Employment (Northern Ireland) Bill, Committee; British Telecom Bill, second reading; debate on UNCTAD.

WEDNESDAY: Debate on the needs of the elderly, and on implementing the decisions of the summit conference of the European Communities in December 1974.

THURSDAY: Theatres Trust Bill, committee; Congested Districts (Local Stability) Bill, committee; Agriculture (Miscellaneous Provisions) Bill report; debate on immigration.

Assistance for Ulster company

Financial Times Reporter

DETAILS of extra-statutory Government assistance provided for Wright Industries, County Down, were given in the Commons yesterday by Mr. Roland Doyle, Under Secretary for Northern Ireland.

He told MPs that the Northern Ireland Department of Commerce had underwritten operating losses incurred by the Receiver of the company up to a maximum of £5,000, and had made a short term unsecured loan of £50,000 for working capital needs.

The purpose of this support was to enable the Receiver to continue production at the factory for a limited period while the Department carried out an investigation of the company's investment. Mr. Doyle stated,

Health Service Bill approved

A BILL to tighten up entry requirements for general practitioners in the National Health Service was given an unopposed second reading in the Lords yesterday.

Healey hints at return to free collective bargaining next year

By JOHN HUNT

A STRONG HINT was given yesterday by Mr. Denis Healey, Chancellor of the Exchequer, that the Government is prepared to look favourably on the demand from some trade union leaders for a return to free collective bargaining when the new pay deal agreed with the TUC runs out next summer.

He told the Commons that he welcomed statements by Mr. Jack Jones, of the Transport Workers, and Mr. David Bassett, of the General and Municipal Workers, that there should be an orderly return to wage bargaining once the new policy had run its full 12 months.

Facing a barrage of questions on the state of the economy, the Chancellor also said he would not be unhappy to see sterling undervalued for a few months yet so long as the rate remained stable for the next year.

He added: "Since the trade unions and industry about the requirements of a fiscal policy which would meet these objectives."

In this context, he stressed the need to restore pay differentials. There had, he said, been very little narrowing of the gap between top and bottom wage earners over the last 20 years, and this had proceeded very much faster in recent years. He thought that the erosion of dif-

Fringe benefit tax plans dropped

By Justin Long
Parliamentary Correspondent

THE GOVERNMENT last night announced important concessions to relax the proposed new tax stringencies on fringe benefits for company directors and higher paid employees.

In general, directors of charities will be released from benefits provisions at present enshrined in the Finance Bill. Also to be scrapped are the new tax rules covering concessionary air or rail travel by employees.

No less important than these changes was a statement by Mr. Robert Sheldon, Financial Secretary, that reconsideration is to be given to the proposed increased taxation on company cars.

In the light of widespread representations on the effect the proposed tax changes would have on the car industry, Ministers were having consultations with all sides of industry on the present proposals, said Mr. Sheldon.

The Financial Secretary said that while the Government was concerned to provide a simpler and more effective basis for taxing company cars, Ministers were also concerned to ensure that the impact of the proposed system of scales would not damage the motor industry.

The Opposition greeted these announcements, made by Mr. Sheldon in the Commons Standing Committee on the Finance Bill, with jubilation, claiming them to be a triumph for the Tory campaign against the effects of the proposals on fringe benefits.

Mr. John Nott, leading spokesman for the Opposition, described the changes as major concessions of a kind more radical than any he had experienced at this stage of a Finance Bill during the past 15 years at least.

He wanted to know if Mr. Healey remained entirely free in his responsibility either to raise taxation or to cut public spending should it be necessary.

In addition, he pointed out that the Bank of International Settlements had said that Britain had now reached the limit of taxable capacity and that the only realistic way to proceed was by cutting public spending.

But Mr. Healey replied that Sir Geoffrey Howe, shadow Chancellor, who asked if the IMF shared the view of the Bank of England that positive steps of a Budgetary nature might well be necessary in the coming months.

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In addition, he pointed out that the Bank of International Settlements had said that Britain had now reached the limit of taxable capacity and that the only realistic way to proceed was by cutting public spending.

But the Tories would not let the matter rest there. Mr. Nott told the Government: "The party's close scrutiny of the provisions would be continued.

He and other Tories deplored the Government's inability even at this comparatively late stage of the Bill to formulate the shape of proposals drafted many weeks ago."

Mr. Sheldon, explaining the Government's intentions, dealt particularly with Clause 34, subsection 4—the clause it was proposed to delete.

This concerned the provision of services, with new rules for the taxation of an employee of a concern whose business it was to provide a service to the public—such as air or rail travel—when the employer received that service free or at a reduced rate.

Wide-ranging consultations had thrown up a number of administrative difficulties in operating this subsection. But its deletion from the Bill would not affect the main structure of the proposals relating to the taxation of benefits in kind, said Mr. Sheldon.

On directors of charities, the Financial Secretary pointed out that unlike directors of trading companies, they were not in a position to arrange their own emoluments without outside control.

So, in general, the intention was to exempt directors of charities from the tax proposals for directors in the Bill.

Supplementary benefits total

AN ESTIMATED £1.15m was paid out in supplementary benefits in 1975-76. Minister of State for Health and Social Security, Mr. Stanley Orme, said in a Commons written reply yesterday

that formal negotiations could start in the summer. But the Minister warned that these could be painful and last many months—perhaps several years.

Mr. Hattersley said the Community should achieve more common decisions in external relations and make agricultural decisions represent more clearly consumers' needs. It should also even out the great disparities in regional prosperity.

The EEC should give more help to developing countries, but most importantly it should develop strategy to combat unemployment.

Mr. Hattersley maintained that the case for Greek membership was so strong that to do it would be selfish and shortsighted.

Sir Peter Kirk, leader of the Tory delegation to the European

Parliament, said there should be more political co-operation between the Common Market countries.

He warned that failure to back up economic agreements with some kind of political infrastructure would lead to considerable difficulties.

Sir Peter claimed the present structure of the Common Agriculture Policy for the surplus of skimmed milk. He said: "Until there is some effort made at structural reform of the CAP, we are going to get problems of this kind that are going to bedevil the progress of the Community."

Mr. Hattersley maintained that the case for Greek membership was so strong that to do it would be selfish and shortsighted.

Mr. Kirk, leader of the Tory delegation to the European

Parliament, was strongly pressed by Tories on the possibility of higher indirect taxes.

Differences had put great strains on the pay policy and had done some damage to the economy.

On sterling, Mr. Norman Tebbit (C. Chingford) asked whether he stood by his opinion that the pound was under-valued and, if so, whether he had in mind any further measures to support it.

Mr. Healey replied: "I think sterling is still undervalued at its present level, if the level stabilised at a rate likely to be stable for the next 12 months, I would not complain if it remained undervalued for a few months yet."

Asked whether he intended to reinforce the strength of sterling by permitting nationalised industries to borrow in the Euro-currency markets he said they were free to borrow where they wished.

Answering Tory questions, he said: "None of the stand-by credit has been spent and none drawn either."

Mr. Healey reacted touchily to Tory probing about the article in the Bank of England bulletin. Mr. John Nott, a Tory front bench Treasury spokesman, said that the article implied that the Chancellor would have to reduce public expenditure or raise taxation.

The Chancellor emphasised that it was necessary to ensure that we did not have the explosion of wages that followed the collapse of the pay policy under the last Tory Government.

He agreed that the Government

should ease the Government's problems, there is still no sign of an accommodation between Ministers and Mrs. Thatcher over the disputed vote that saved the Shipbuilding Bill.

Informal discussions between the two sides are continuing spasmodically, but Conservative leaders remain adamant that they will not be prepared to restore normal relations until the result of the alleged broken pair is overturned.

Hattersley backs Greek bid to join EEC

GREECE'S application to join the Common Market has the whole-hearted support of the British Government, Mr. Roy Hattersley, Foreign Office Minister of State, told the Commons today.

In a debate on developments in the EEC since November last year, he told MPs: "The case is primarily and overwhelmingly a political one. Two years ago, Greece, the State which first conceived and practised democracy, returned to democratic government after seven years of tyranny."

Mr. Hattersley maintained that the case for Greek membership was so strong that to do it would be selfish and shortsighted.

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PM refuses honours system inquiry

M. JAMES CALLAGHAN, Prime Minister, yesterday refused to set up a committee to examine the honours system.

Mr. Dennis Skinner (Lab., Solsbury) said in the Commons that the most sensible and democratic way would be to abolish honours. He claimed that Sir Harold Wilson's honours list showed that where there was patronage and no accountability.

It will always be the preserve of speculators first and Labour door-knockers last."

Mr. Callaghan said that the cohesion of our society did not depend upon the honours system and he did not claim it was perfect. But it was a useful way for society to recognise the contribution which individuals made judging from letters he had received from Sir Harold's honours list.

Tory peers win farm tenancy time limit

THE GOVERNMENT was defeated in the Lords yesterday on an Opposition move to put a "time limit" on farm tenancies.

For the Government, Lord Melchett said the clause introduced an entirely new concept which would seriously erode farmers' security of tenure. It would also entirely defeat the family succession scheme and this would not be in the interests of good farming.

Another Opposition spokesman, Earl Ferrers, emphasised that the new clause was not a little fresh air that the new clause was not the best for British agriculture.

Lord Sandy, Opposition agriculture spokesman, said the new clause allowed a little fresh air that the new clause was not the best for British agriculture.

THE NEW HEAD of the Ulster Office will be Mr. Harry Oliver, at present deputy secretary in the Department of Commerce, it was announced yesterday.

Mr. Marilyn Ross, Northern Ireland Secretary, said in a Commons written reply, that Mr. Oliver would become director of the Ulster Office on May 15 1976 when he retires from his Northern Ireland Civil Service.

He will be taking over following the retirement of Sir George Jones. Between August and May 1976, Mr. Oliver will act as director.

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The Executive's World

EDITED BY JOHN ELLIOTT

INDUSTRIAL MANAGEMENT AND THE STERLING CRISIS

BY MARGARET REID

Exports priced in foreign currencies

A SHIFT towards pricing minute adjustments familiar to financial market operators. "We try not to become political or foreign currency rather than try to be more perceptible reactions so leading industrialist observes. Even so, there is little doubt that, within the narrow scope of the pound's heavy fall of that, within the Bank of England weeks. "If you try to jack-up rules, there has recently been a sterling tender price enough a degree of 'leading and lagging'—paying quickly for import, the necessary allowance ports, and delaying, transports you out of court in international competition" is how it is with countries whose currencies of one major industrial group are growing dearer in terms of pounds.

Among companies' responses: "On the crucial question of the cheapening pound, there is whether pricing arrangements have also been some increases in for exports—the bulk of which protective forward exchange have in the past been invoiced covering the arrangement by in pounds—should be changed, which, for a charge, one can fix decisions turn on a number of the exchange rate at which considerations. Key considerations are whether the goods are of a near-commodity type such as chemicals, or are long-run repetitive special products like motor components, or major one-off jobs, such as steel mills or power stations."

It may also make a difference whether the products are destined for a country with a currency likely to stay strong against sterling, such as the U.S. dollar, the West German Deutschemark and the Swiss franc, or to a market such as Italy whose currency tends to be weaker than the pound.

Another important financial factor in the U.K.'s currency movement is whether export orders are expected to boost shipments for quick delivery within a period of some 8-11 per cent. few months—during which production costs would be similarly

One impression which comes across clearly from initial company comments on sterling's completion over several years somewhat bumpy ride recently which may see greater changes. is that, although adjustments are being made, there is a need, especially in the latter half of the year, to be considerate of policy are being made; there have been few panicky or hasty type of case, is whether there is alterations. This is an appropriate reaction because the currency—such as for manufac-

turing services reflect changing foreign currency costs. Groups exporting homogeneous products of a type broadly similar throughout the world have often already made similar adjustments in the past few years of currency volatility. For example, Imperial Chemical Industries, Britain's largest industrial company, invoices some 70 per cent. of its exports in foreign currency; this is regarded as the easiest arrangement for the customer.

But changes in pricing policies have been occurring gradually for some time as the pound's worldwide use has declined and particularly since the 1967 devaluation when sterling's value was cut by some 15 per cent. Shipping companies, with their worldwide trade involving the bulk of receipts arising abroad, started to move towards invoicing freight in price in a strong foreign currency of the growingly ready gives assurance that if dominant dollar after 1967, inflation forces up the sterling. More recently, the concept of cost of fulfilling the contract.

The most significant current shift towards pricing in foreign currency appear to be mainly where longer-term contracts are involved. Here, a definite change has been taking place towards this form of pricing for orders which will take several years to complete. The point is that fixing the bulk of receipts arising abroad, started to move towards invoicing freight in price in a strong foreign currency of the growingly ready gives assurance that if dominant dollar after 1967, inflation forces up the sterling. More recently, the concept of cost of fulfilling the contract.

Industrialists see themselves as primarily dealing in goods rather than money and so are naturally disposed to take their time in responding to currency movements, rather than making the minute to minute adjustments familiar to financial market operators'

wider range of currencies, with overseas sale contract with an element of local expenditure, it encourages the customer to pay a greater disposition to take orders in foreign currency. In the case of a longer-term contract, the group now aims if it can to obtain payment in As to the handling and GEC insists that it does not try to obtain payment in As to the handling and it welcomes this arrangement even for an order to re-phase the repair of delivery over only the coming year or two. "If there is a fixed price, it's a bit safer in foreign currency," explains a spokesman. In the case of off-the-shelf, of products. Payment for ex-

currencies." For the bulk of are covering forward, becoming GKN's exports—including sales much more conscious of forward business of short-term delivery contracts, and the banks are items, and long runs of com-

mon—where sales are such as through seminars," com-

prised in sterling, arrangements moneys one leading currency usually allow the price to be dealer.

adjusted upwards at intervals in line with increases in costs, such as steel, and other factors.

Loans raised in dollars

One of the most serious consequences of the declining pound has been to boost the cost in sterling terms of repaying loans taken in foreign currency. Over the past few years, a number of companies have raised loans in dollars, D-Marks and other hard currencies, attracted at the time by the differentially low level of interest compared with that at home. In the event, the extra burden of servicing and repaying the loan has now in many cases far more than outweighed the original interest rate advantage.

The problem is not so troubl-

some when the company has used the cash to buy foreign assets whose values have risen in step with the debt, but uncovered foreign currency borrowing tends to involve provisions and write-offs. Land Securities Investment Trust, Trust Houses Fortic and J. Lyons are among groups which have been facing these problems.

These are some of the issues arising for British companies from the present conditions of currency uncertainty, compared with the opposite extreme during the period of exchange rate stability which prevailed up to 1972, when the pound was floated. Most are learning to live with less stability, though sometimes learning the hard way.

A sharp decline

So swift and sharp has been the decline in the U.K.'s currency in the past few weeks that company directors are still considering the complexities of the largely unexpected movement of the Deutschemark and the Swiss franc, or to a market such as Italy whose currency tends to be weaker than the pound.

Another important financial factor in the U.K.'s currency movement is whether export orders are expected to boost shipments for quick delivery within a period of some 8-11 per cent. few months—during which production costs would be similarly

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DESIGN MANAGEMENT

Study of State practices

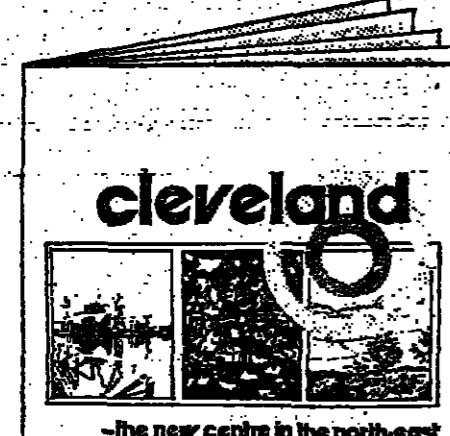
AN INVESTIGATION into the impact of the management of appliances division, who has the quality of the management of industrial design in State-owned won this year's Burton Group of design both as producers of organisations, probably centred design award—last year's award their own products and also as on the telecommunications led to a study by a London purchasers of products made in industry, is to be mounted. Business School graduate into the private sector.

during the coming months by a design management in the The State therefore has a large direct and indirect influence on the quality of design of many goods and services in Britain to-day," says Mr. Shires, who is also concerned about the impact on export markets in the EEC and elsewhere.

He intends to ask two basic questions. The first is: "Does the State by laying down specifications and standards geared to national requirements actually restrict the export capabilities of its suppliers?" The second is: "Should the State start to think more internationally in its specifications and standards?" Choosing one State organisation for an in-depth study, Mr. Shires will see how its management uses design as a concept and how it manages its design affairs. Then he will ask what its attitudes are towards design, how these attitudes are reflected in policy decisions, and how this affects the organisation's suppliers.

"In particular, I am thinking of export markets whereby the State could improve their suppliers' ability to export by being more international in its outlook. It is all very well for a faulty pound to make British goods cheaper abroad, but if these goods are not well designed for the needs of foreign markets, they will not be bought, no matter how cheap they are."

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Where does ICI find the money? Mainly from profits retained in the business (in the first

quarter of 1976 these came to £72 million) plus depreciation, the money set aside to replace old plant and equipment. Borrowing and the issue of shares provide the rest of the money—£200 million has just been raised from ICI's half-million shareholders for the future development of the Group.

Who Benefits? Not just our own people—others, too. Close on 40,000 others employed in companies involved in our UK investment programme: companies which design, build and equip new plant for us.

Ultimately, all of us will feel the benefit. Because our future standard of living depends on the wealth created in Britain's factories, workshops and laboratories.

ICI puts profits back to work



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FRIDAY, JUNE 18, 1976

The price of apartheid

THE RACE riots in South Africa, and the heavy toll of police of setting up quasi-autodidactic and wounded, are not unique to territories like the Transkei, partly by cultivating relations with certain African countries, partly by attempting to persuade the Rhodesian regime to adopt a more realistic policy towards its own black population. They will also have a seriously damaging effect both on Mr. John Vorster's long-drawn-out campaign to achieve some modicum of an accommodation with other countries of black-Africa and on his attempts to exert a moderating influence on the policies of Mr. Ian Smith, Prime Minister of Rhodesia.

The repercussions which the shootings in Soweto may have inside South Africa itself can scarcely at this early stage be predicted. With the forces at their disposal, the South African authorities should not have any great difficulty in restoring law and order, though the fact that the rioting and destruction has spread over into a second day may be taken as an ominous indication of the intensity of pent-up resentment and hatred felt by the blacks for the regime.

Black resentment

It may also be significant that the trigger for the outbreak of violence was a demonstration by students against what they evidently feel is the cultural imperialism of the Afrikaners. The grounds for black resentment are, of course, far wider than any argument over the choice of Afrikaans rather than English for use in schools. But the fact that language sparked off an explosion on this scale may well be a pointer to the tensions built up by the whole structure of the apartheid policy. Yesterday's violence was given further impetus by looting and drunkenness, but it would be over-sanguine to suppose that once law and order is restored, South Africa can easily return to the status quo ante, even if the government rescinds its decision on the use of Afrikaans in schools.

It took a decade or more for South Africa to live down the international shock caused by the shootings at Sharpeville in 1960. In recent years Mr. Vorster has conducted a slow and painful campaign to win the world to live down the shock of

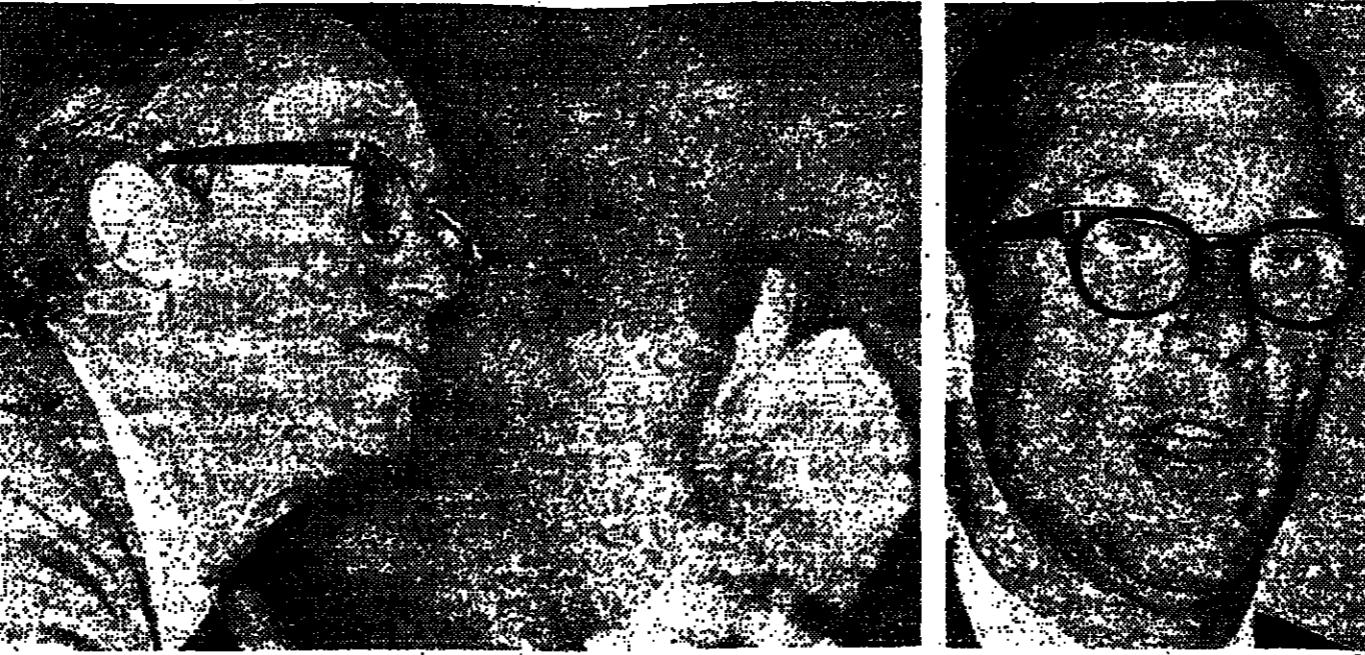
Cut-price holiday flights

IT IS entirely natural that the Civil Aviation Authority should demand, and any possible loop-holes taking an interest in the de-hole in the rules tends to develop of holiday packages fore to be exploited by tour operators. On many holidays the accommodation offered is routes, it has long been possible to make the package sensible to get the cost of travel a virtually undisguised method and accommodation paid for cutting air fares. Through a package deal at a competition, of the sort which led to the sudden collapse of tour operators, could conceivably run against the interest of their customers. But it is certainly to be hoped that the CAA will not stand in its way. Unlike IATA, whose guiding principle is to charge what a restricted type of traffic will bear, the CAA policy is to relate the fare for a particular service to the particular cost of providing it, and earlier this year took what is described as a small step towards correcting the structure of European air fares.

The general attitude of international airlines towards price fixing is determined by their membership of the International Air Transport Association, a cartel which exists partly for the sake of regulating competition between members in their common interest. It might well be argued that the very existence of such a cartel is objectionable from the customer's point of view. But aviation is so much influenced in many cases by government policy that the abolition of the cartel would not necessarily lead to free competition.

Package deal

In any case, IATA is having increasing difficulty in enforcing its own rules on member airlines, many of which have tended to meet the difficulties caused by much higher fuel prices in a period of recession by more or less surreptitious rate-cutting. But the idea that there should in general be a common tariff with cheaper tariffs being the exception rather than the rule and the use of other European holiday destinations strictly circumscribed, has become a part of airline thinking. For this reason IATA seems much less instinctively self-tended to be slow to allow price-cutting.



Dr. Johannes Witteveen, managing director of the IMF, Mr. William Simon, U.S. Treasury Secretary and Dr. Arthur Burns, chairman of the Fed, will be keenly watching Mr. Healey.

Our creditors believe that U.K. public spending must be cut. M. H. Fisher reports

A time for words, then action

SOMETIMES it can be highly instructive to be abroad when Chancellors of the Exchequer make major announcements in the House of Commons. So it happened that I was in the United States when Mr. Denis Healey proclaimed that

"There is," he said, "no economic justification for the fall which has taken place in recent weeks. It goes beyond anything required to make good past (my italics) differences in rates of inflation." Markets, however, are not concerned with the past. They may and do evaluate past performance but only with the object of determining a behaviour pattern for future prices. And on that basis there was virtual unanimity before the credit package was announced. Sterling had only one way to go, and that was down. How far down nobody could know, though there were plenty of people ready, as always, to pluck a figure out of the air.

The crucial point was that there were those who had bought pounds when the rate had gone through \$2 to \$1.94. They had been proved wrong. They were proved wrong again at \$1.85 or \$1.80 or \$1.75. They had burned their fingers time and time again. They were determined thenceforth to shut the fire.

It is important to be very clear that one is not talking here of the traditionally portrayed speculators, "selling sterling short." The repeated plunges of sterling were not caused by a series of speculative raids. The decisions were taken by those who, in the course of their normal commercial transactions, were involved in exchanging sterling for foreign currencies or vice versa. They looked at the recent record and decided that they would not expose themselves to loss. In this context it is worth reminding ourselves that a fortnight's shift in the "leads and lags" of visible and invisible payments can cause a swing of \$5bn. There was no need for any speculators in order to pro-

vide the value of sterling under exchange market pressures had led to disorderly market conditions which carried sterling to an unjustified level, today agreed...". The words in italics did not appear in the statement which was published in Washington. On that most succinct comment on the most succinct letter, Mr. Healey's letter to Mr. Johannes Witteveen, managing director of the Fund, stated that the public sector borrowing requirement in the "present financial year (that is 1975-76) might turn out to be as much as £12bn." The expectation was that for 1976-77 the figure would turn out to be the same. But the actual figure for 1975-76 is now estimated to have been £10.55bn. Were there really no signs by the end of last year, the suspicious might enquire, that we were going in overshoot, and that surely, the Americans say, the government spending must stand only if the Government

had thus represent a sizeable increase?

The emphasis is very much on the spending side. "How," I was asked, "can you expect the economy to produce and people to invest if every form of incentive for them to do so is destroyed?" This, I hasten to add, was not some unreconstructed

speculator in order to pro-

through action on the expenditure side of capitalism." He was right side. If the British Government to control the money supply?" In answer to a question the Chancellor in the House of Commons cited a statement by Dr. Arthur Burns, Chairman of the Federal Reserve, before a Congressional committee, stressing the difficulty of measuring with any degree of accuracy what was happening to the money supply.

For next year the message is loud and clear. The public sector borrowing requirement must come down to around £12bn. No one in any way be-

little the courage of the Government in having pushed through the pay policy which was so overwhelmingly endorsed on Wednesday. But, no one believes that pay policy can be disproportionate to the actual sums involved.

For the Americans, like the Germans, have accepted that you cannot get unemployment down unless you control inflation first. They have been proved right in that belief, not only right in economic but also in political terms. Unemployment is not an election issue in the U.S. Any sign that inflation is accelerating again would be

The recipe for success, the argument runs, the essential precondition for a sustained recovery in the U.K., is that the public sector must take a smaller share of available resources. If possible tax rates should come down. Spending and the public sector borrowing requirement must come down. On timing, there is some inclination to give the British Government some breathing space, if

there is also the macroeconomic point that one cannot hope to tune the economy so finely that room is made by the public sector, both in terms of physical capacity and claims on the financial markets. At the exact moment when export and investment demand is there-to-fill any gap, Resources are not instantly transferable, and a plant which does not have room to grow is permanently stunted if it does not actually die.

These are those in Washington who feel that cuts should be made this year. There is at least a suspicion that when the U.K. wrote its letter of application for the drawing from the International Monetary Fund last December it pulled fast one. Mr. Healey's letter to Mr. Johannes Witteveen, managing director of the Fund, stated that the public sector borrowing requirement in the "present financial year (that is 1975-76) might turn out to be as much as £12bn." The expectation was that for 1976-77 the figure would turn out to be the same. But the actual figure for 1975-76 is now estimated to have been £10.55bn. Were there really no signs by the end of last year, the suspicious might enquire, that we were going in overshoot, and that surely, the Americans say, the government spending must stand only if the Government

had thus represent a sizeable increase?

Be that as it may—and the majority view is certainly in favour of the Chancellor's view that the economy will benefit from the reduction in the rate of inflation—there is total agreement that the £12bn. for this new long tap? Why did he not rigidly adhere to say that the stock was specifically designed to mop up excess

liquidity and enable the Government to control the money supply?" In answer to a question the Chancellor in the House of Commons cited a statement by Dr. Arthur Burns, Chairman of the Federal Reserve, before a Congressional committee, stressing the difficulty of measuring with any degree of accuracy what was happening to the money supply.

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The consideration certainly played a major part in getting the package put together. The time limit was chosen deliberately, as was the non-inflationary manner—the U.S., Germany and Japan—with Italy and the U.K. as the unstable elements. France somewhere in between.

The time limit

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On Tuesday evening in a television interview, the Prime Minister came closer than any one before him to setting out the nature of the problems ahead.

If further weapons would have to be used to defend the pound, the results would be "very uncomfortable." He rejected spending cuts for this year, but next year I am not so sure about

His words will certainly have been noted carefully.

In the U.S. and on the Continent, their attitude is: "If you take the necessary measures now, if you re-establish the credibility of British economic policy, you will not have to draw on the credits. If you draw, you will not later than six months from now have to repay and finance the repayment through a drawing on the IMF on conditions to be negotiated sometime in October." There lies the contradiction of the credits. And there is no reason to believe that the Fund takes a different view from the U.S. Administration on what has to be done.

On the autumn, the outlook for the economy may look better and any decisions to be made might be less painful. But it is also conceivable that even if matters have not improved, there will still be a need to draw on the credits. If the results would be "very uncomfortable," whether political or short-term economic, were always bound to grow if permanently stunted if it does not actually die.

Our creditors have enabled us, to buy a little time. At its core, their attitude is: "If you take the necessary measures now, if you re-establish the credibility of British economic policy, you will not have to draw on the credits. If you draw, you will not later than six months from now have to repay and finance the repayment through a drawing on the IMF on conditions to be negotiated sometime in October." There lies the contradiction of the credits. And there is no reason to believe that the Fund takes a different view from the U.S. Administration on what has to be done.

This, everyone assured me, is last-chance saloon. Once or twice I could not help wondering whether British Ministers, going back some twenty years, and officials had been given the at least never heard our message with equal clarity. It would be a pity if they had not talking now.

MEN AND MATTERS

The tithes depart

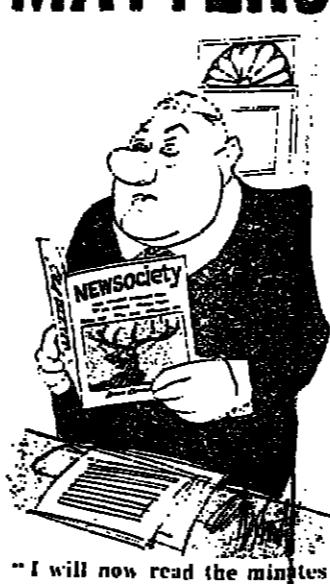
I mentioned yesterday the Mormon church's tithe system in contrast to that story of expansion, a relic of the Anglican church's tithes is due to vanish with some 50,000 landowners being relieved of their obligation to pay tithe redemption annuities to the Government after October next year.

The annuities originated in 1936, when the Government took over liability for paying the medieval church tithes by issuing a redemption stock to the church. In exchange, landowners were required to make payments to the State, related to the value of land, through the annuities.

The numbers involved have been much reduced since the annuities have to be redeemed if land is sold or divided, and some people are paying amounts of only a few pounds a year. The annuities still brought in around £1.3m. in 1974-75, the last year for which figures are available. And they were due to carry on, presumably in diminishing amounts, until 1996. The Government has now decided that the scheme does not justify the cost and inconvenience involved.

Two more payments are to be required: a normal amount this October and a double dose in October next year. Denzil Davies, Minister of State at the Treasury, stated that this should provide enough funds to service and eventually pay off the redemption stock. If any shortfall should arise—against expectations—the Exchequer will fill the gap, the Minister explained, thus protecting the rights attached to the stockholders.

Legislation to scrap the annuities will have to wait until next year's Finance Act.



Chairman Payne

The question of worker participation in industry has been taken a good bit further than usual by the Midlands Electricity Board. For 24 hours a 36-year-old electrician became acting chairman. The second half of a swap arrangement which earlier had involved Geoffrey Shepherd, the £15,000-a-year chairman, getting out among the customers and seeing life from the electrician's side.

The acting chairman was Donald Payne, a shop steward. Admittedly, the main ITV programme could be counted as a controversial choice, and one liable to offend the sensibilities of strait-laced Marquess. It was Thame's Naked Civil Servant, the drama, much praised here, based on the autobiography of the homosexual Quentin Crisp. That the Czechs' secretary. According to a news release from the union, he plans not to comply with the statutes of the programme.

This year, both the independent and the BBC decided to enter. The雲Clouds are Clocks, taking part. It is about the composer Gyorgy Ligeti, Hungarian, born, but now living in Austria for which the Czech festival organisers appear to be foraging him. Should the BBC production be too bourgeois for some tastes, there is always the first appearance at an international festival of a Mongolian TV programme to look forward to.

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Cosy CoHSE

It seems that delegates planning to attend next week's conference of the Confederation of Health Service Employees at the Corn Exchange, Brighton, are going to have difficulties if they want to hear from their general secretary. According to a news release from the union, he plans not to accept the ground in "make a keyhole speech each year."

Yesterday, it was Payne's turn to officiate at the board's main

headquarters at Halesowen in Wiltshire both at Thames and Worcester and sat in on at the Independent Television various top-level discussions. Companies Association yesterday's conclusion: "It's a pity day at the precise reasons for more industries don't do this." The ban. The Quentin Crisp story had been entered under a section for programmes which should deal with "the problems of contemporary man, contribute to the strengthening of positive human values and which strive for social progress." A somewhat political statement perhaps, and Crisp's struggles with an unsympathetic world clearly do not count as "social progress."

The decision has persuaded the independents in the circumstances to withdraw their entry in the music category. HTV's Bold as Brass. Despite the title, there is nothing of the Naked Civil Servant in that programme; it is about musicians from many countries, including Czechoslovakia.

As for the BBC, it still has its entry. All Clouds are Clocks, taking part. It is about the composer Gyorgy Ligeti, Hungarian, born, but now living in Austria for which the Czech festival organisers appear to be foraging him. Should the BBC production be too bourgeois for some tastes, there is always the first appearance at an international festival of a Mongolian TV programme to look forward to.

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POLITICS TO-DAY

BY DAVID WATT

The Government's problems over timing

THE OVERWHELMING vote at the TUC Special Congress on Wednesday still leaves the Government with acute problems of political timing and presentation on economic strategy. What the TUC can do, the TUC can also undo; and this is likely to be demonstrated in ambiguous clarity on at least two occasions in the near future.

The TUC Conference proper is September and the Labour Party Conference—in early October will offer those who are satisfied with the new policy a real opportunity to launch their counterattack. It is improbable that anything will appear between now and September to cause a complete abandonment of the compact sealed this week. But the Government is understandably anxious both for real and for cosmetic reasons to keep under-demonstrations to an absolute minimum. Any serious sign of backsliding on the part of individual unions would not only augur badly for the winter it might have an immediate lasting effect upon the frail cover of international confidence.

On the analogy of recent government behaviour, this difficulty points to another long period of silence from the Chancellor and the Prime Minister on the more awkward aspects of economic policy. If, we were told, nothing was said or done during the period just before the Special Congress, to alter the terms of the "Social Contract," lest the carthorse should bolt in the long direction, the argument is not much less compelling in the period before the autumn conferences.

And yet, the constraints imposed by the TUC are not the

only ones that the Government has to contend with—and from now on they are probably not the most powerful. The standard by credits granted to the U.K. by the Central Banks last week run out at the beginning of December and any net expenditure of them by that date will have to be financed by borrowing from the International Monetary Fund. The operation of drawing from the Fund can be done at a pinch in a hurry, even in the higher loan brackets when conditions have to be agreed; but for reasons of confidence and convenience it is much better done at leisure—in this case at the time of the Fund visitation in late September or early October.

Commitment

It seems highly likely that the Government will decide to make Fund drawing with a maximum appearance of "normality" at that time, irrespective of the extent to which the Central Bank swaps have been used to support sterling in the meantime. It is better to be on the safe side. But even if there is a decision not to make a drawing, something will have to be done to secure confidence and guard against the possibility of having to repay credits in December. In other words a Fund drawing will entail a public commitment to cut Government expenditure next year; but a decision not to draw from the Fund will require exactly the same commitment—in order to reduce the risks involved in not drawing.

If it is my strong impression that some of the Cabinet have faced this necessity—and the public has it must be—in a way conferences will be hard put to it to avoid violently attacking and could cause a massive reaction at the apparently comments itself to lapse of the pay policy.



Mr. David Basnett of the GMWU.

In Folkestone on Wednesday are TUC Congress or the Labour Conference and a consequent preparation for the expensive run on sterling.

But when it comes to the timing problem, will Mr. Michael Foot rate to the timing problem and Mr. Anthony Wedgwood be ready to make the decisions?

Benn really put up with expediture in July but to avoid announcing this necessity—and the commitment to be made October—by which time the domestic terms are likely to be broken-point.

It is my strong impression that some of the Cabinet have faced this necessity—and the public has it must be—in a way conferences will be hard put to it to avoid violently attacking and could cause a massive reaction at the apparently comments itself to lapse of the pay policy.

some of the more simple-minded members of the Government: in announcing public expenditure cuts in October is a drawback. An October therefore, even greater than announcement implicates that involved in announcing decision to cut expenditure next year with the visit of the IMF officials, and perhaps with the December deadline for the repayment of the Central Bank swaps. It is an axiom in the calculations of the "inner Cabinet" that if there is one thing that will send the Labour Party and the trade union leaders berserk, it is the impression that British economic policy is being dictated by foreign bankers and

power workers, miners, railwaymen, steelers and Health Service employees who would not only be directly affected by cuts in their industry, but are in position to make their reactions extremely unpleasant to the economy or the public.

Possible

Critics will say—with all the justice in the world—that this is no way to conduct our affairs: that it is irrational and ignominious to order one's priorities according to the dictates of brute power. But politics is the art of the possible, and if it is possible in this way and no other to achieve Elbin-worth of extra elbow room without a disastrous political explosion, then it is foolish to evile excessively.

The same is true, for that matter, of the wider situation of the Government. We are paying for the fact that the February 1974 election result was so inconclusive. Had the Conservatives won it is possible that Mr. Heath could have worked out his own concordat with the unions and reimposed control upon the economy. If Labour had won decisively, the six months in which the economy was permitted to drift might not have been wasted. In other words it would be better if we were not in the present predicament of finding political and economic timins out of gear.

Granted that we are in this spot, however, is obviously the reaction of the unions. And here a pretty cynical calculation can, and in all probability will, be made. Cuts in public expenditure fortunately do not affect many unions at all except in the most indirect fashion. Others, notably the general unions—such as the Transport Workers—can be placated by the prospect that the economic upturn will rescue their members by the time the cuts have come into effect. Even Mr. David Basnett of the General and Municipal Workers who has made many warnings on the basis of the squeeze on local government expenditure, has not really sold as we already begin to hear from the Prime Minister selling them as part of an "orderly" and prudent attempt to make allowance for the rate at which private investment scoops into the available pool of savings" (to quote the formula he used in the

Trauma

But can the Government survive the trauma of another pack-

age of cuts at this time—even if they are only to take effect in the next two years, rather than at once, and even if they are

sold as we already begin to hear

from the Prime Minister selling them as part of an "orderly" and prud-

ent attempt to make allowance

for the rate at which private in-

vestment scoops into the avail-

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To-day's Events

GENERAL

Retail prices index for May published

Mr. Fred Pears, Minister of Agriculture, speaks to Hexham

Labor Party

Mr. David Ennals, Social Services Secretary, addresses Birmingham Labour Party

Session of European Parliament ends, Strasbourg

Mr. Gordon Richardson, Governor, Bank of England

addresses Chartered Institute of Public Finance and Accountancy conference, Brighton

Lord Allen, chairman, TUC

Members Bills

COMPANY MEETINGS

Dent Fowles, Great Eastern Hotel, E.C. 11, Helene de London, 20, Eastcastle Street, W. 12

House of Leroose, 25, Old Burlington Street, W. 12, Roberts Adlard

3, Belgrave Square, S.W. 12

Spencer, Turner and Bolden, Abercorn Rooms, E.C. 12

Tricentrol, Abercorn Rooms, E.C. 12, Walker (Alfred), Meriden, Warwickshire, 12

Perth, Hosiery Workers' conference, Bournemouth

PARLIAMENTARY BUSINESS

Royal Opera production of Gounod's "Faust", Covent Garden, W.C. 2, 7 p.m.

MUSIC

Australian Sinfonia, conductor Geoffrey Simon, with Hartley Newham (contrabass), Richard Meale and Robert Currie (pianos) and the London Philharmonic Virtuosi, perform works by Bartok, Lutoslawski, Richard Meale, and Anne Boyd, Queen Elizabeth Hall, N.E. 1, 7.45 p.m.

Henryk Szeryng (violin) and Huguette Dreyfus (pianoforte), play music by Bach, Wigmore Hall, W.1, 7.30 p.m.

SPORT

Cricket: Second Test, England v. West Indies, Lord's Tennis

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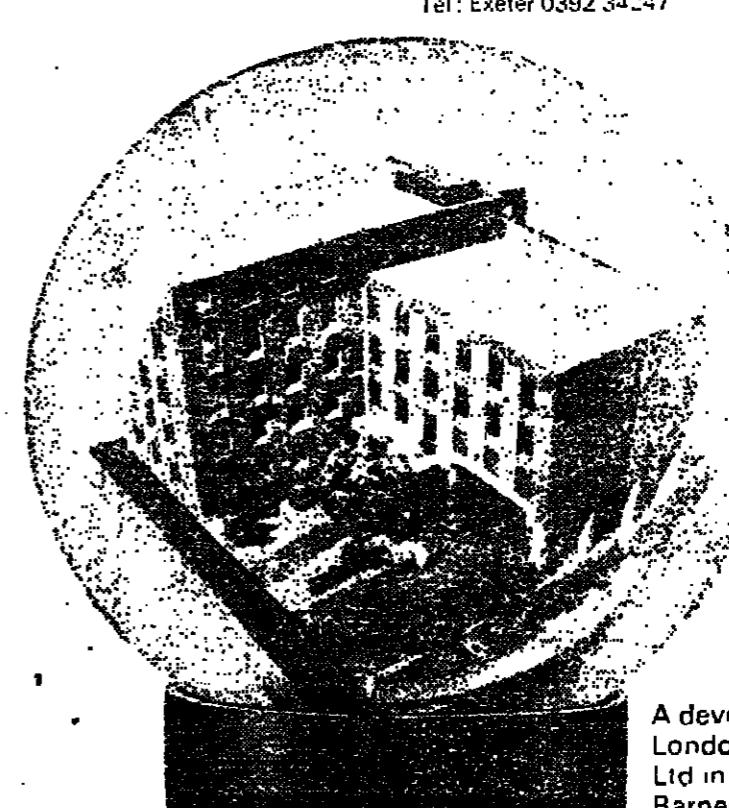
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Fugitives from tax

From Mr. R. Midda

Sir—I read with interest in your issue of June 12, that possibly London may lose the Greek ship owning community, who are presently residing here, because of the heavy tax burdens this Government is proposing.

It would appear that over the past few years there have been numerous people who have vacated our shores for lands where taxation is less punitive. A vast majority of these people were born and bred here and their desire to retreat abroad was primarily for reasons of finance and not because the quality of life in England was being eroded.

Is it not true this Government realises we need these people together with their money. Reducing their tax liabilities must benefit the country. This would pay rates, taxes, interest and reinvest their money in other fields and generally keep their pound earned revolving within its country of origin. By doing this they can hardly add to the unemployment or productivity problem we seem to be experiencing.

These individuals represent such a tiny fraction of our population I can hardly see the unions classifying them as the "unacceptable face of capitalism;" on the contrary if they and their fellow members would just look a little deeper into the situation they may well find these people being "the complement of socialism."

R. J. Midda
6, Welbeck Street, W.1

Metrication mistrusted

From The City Editor, The Sunday Telegraph.

Sir—No one but the most blinkered of reactionaries would like to point out that there are a number of investment trusts which were formed in the last stock exchange boom and now sell on above average discounts of up to 50 per cent. Their shareholders in the main have had a most wretched time and capital gains would arise if liquidation there would seem to be no reason for not winding the majority of them up and

Country	Current Sterling Equivalent
U.S. Producer Price	547
German Producer Price	544
French Producer Price	560
Canadian Export Price	535
Price c.i.f. Europe	510
Market Quotation	486
U.K. Producer Price	510

U.K. consumers thus receive

the benefit of at least £80 per tonne on the 300,000 tonnes of domestic capacity, a benefit which is equivalent to a reduction of 30 per cent.

The U.K. would have to

buy the whole of its metal

requirement at world prices

in excess of the government-restricted domestic price.

What has been overlooked

is the existence of this restraint.

The importers may therefore

have a price advantage over

the rest of us.

It is a hostage to price-restraint

which are currently

holding the metal price below

that of the residual market

recession conditions.

Consequently the Government

will be dead set to maintain

such a restraint for many months to come.

To imply, therefore, that the

mining producers have

ever exploited the investment

incentives and passed off their

isks to the public sector does

not stand up to scrutiny.

Robin G. Adams,

Senior Economist,

Econometric Associates

c/o 787, Jericho Street,

James, S.W.1

Investment trusts

From The Chairman, Investors Ltd.

Sir—Christopher Hill (June 11)

makes what at first sight

seems to be an extraordinary statement.

Referring to the problems of

strategic take-over of

investment trusts he makes the

following statement: "and of

course, the trusts try to make

protection as immune as pos-

sible from take-over. Now

clearly in the interests of

investors that many trusts should

be taken over at a price within

10 per cent of asset value,

that directors should presum-

ably be seeking for posses-

sion to take over the trust

trusts.

The fact that it is generally

accepted that directors of

trusts are acting in the

interests of the sharehold-

ers and are acting in the

COMPANY NEWS + COMMENT

Baker Perkins turns in record £4.45m.

ON SALES totalling £89.13m, pre-tax profit of Baker Perkins Holdings were a record £4.45m, for the year to March 31, 1976, after £1.38m, for the first half. The figures for the previous 15 months were £7.55m, and £2.67m, after a loss of £0.30m, for the first six months.

The chairman, Mr. Ian Gilbert, reports that a satisfactory start has been made in the current year, and he looks forward with confidence to achieving "a real advance" in sales and profits and to approaching a satisfactory return on capital employed.

Excluding extraordinary credits of £1.34m, £29.000, earnings per share increased to 8.50 p (2.3p for 15 months). As forecast the final dividend, on capital increased by the three-for-one rights issue, is 3p making a total of 3.5p net (3.2p for the period).

Year 15 months 1975-76
Sales £61.52 77.556

Trading profit 4,929 5,646

Interest income 1,214 1,179

Profit before tax 4,653 2,673

Taxation 2,459 2,125

Minority interests 326 326

Minority balance 1,924 1,413

Extra-ord. credits 1,344 72

Attributable 3,528 676

Total 6,891 3,300

Retained 4,724 2,676

* Losses include net differences on revaluation of investments, £21,000 and net investment assets £23,000 (£21,000 loss, factory closure costs £84,000 less £12,000 from issue expenses less share premium).

Mr. Gilbert says the group did well to recover in a period of severe economic recession and unprecedented inflation. Efforts of recent years are now beginning to show through and the improvement in the group's overall performance and the greatly strengthened financial condition are most encouraging.

In North America the drain on resources has been stemmed, and there was a turnaround in the results of Baker Perkins Inc. from a loss of £1.4m. in 1974-75 to a profit before tax of £300,000, notwithstanding depressed trading conditions in the markets served in that continent.

Group borrowings were reduced during the year from £14.2m. to £7.5m., in spite of the increased sterling equivalent of overseas borrowings.

Although trading conditions in certain of the group's markets are still depressed, the general business picture is more encouraging, with clear signs of recovery in most of traditional markets as well as continuing interest from some of the more recently developed markets.

This, added to the generally satisfactory intake of orders in recent months, gives promise of a good year ahead, the chairman adds.

The company manufactures plant and machinery for biscuit, chemical and printing industries.

comment

The two-thirds rise in pre-tax profits at Baker Perkins was anticipated in the market and the

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
AAH	24	7	Dom. Holdings	27	3
Arbutnott Latham	27	4	Dundee & London Invst.	28	5
Altransport	24	8	Duple International	27	8
Baker Perkins	24	1	English China Clays	26	7
Bids & Deals	28	4	Hargreaves Group	24	5
Boots	27	6	Inch Kenneth	28	2
British Car Auction	27	7	Invergordon Distillers	27	7
British & Com. Shipping	26	4	Jersey-General	24	4
Burnett & Hallamshire	27	4	Lankro Chemicals	24	4
Caledonia Invest.	26	6	National Carbonising	24	5
Cattle's	27	3	Manbre & Garton	24	2
Chloride Group	27	1	Mining News	28	1
Cons. Plantations	27	3	Sidlaw Industries	27	8

Loan Stock 1990/93 of British-American Tobacco Investments has been duly passed.

Upon the Scheme becoming effective, the Stock will be convertible into Ordinary shares of the new parent company, B.A.T. Industries.

The Court meetings of both B.A.T. and TST to approve the Scheme and to pass resolutions to give effect to it, will be held on June 27. The Scheme is expected to become effective on July 23.

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JPI in lots

IT'S NOT WHAT YOU MAKE, IT'S THE WAY THAT YOU MAKE IT.

PRETAX PROFIT £18.9 MILLION UP 17%



Yes, Chloride has come through with another record profit.

A profit which most observers thought unlikely during the world recession, even after allowing for our favourable counter-cyclical product mix.

But what really pleases us is our performance abroad. Rather more than 60% of our profit in 1975/76 came from our companies and associates outside the UK.

Profit that allows us to support our already heavy investment programme in Britain. Ready for Britain to play its full part in the next upturn in world business.

	1974/75 £ million	1975/76 £ million	
THIRD PARTY SALES	182	215	up 18%
PROFIT BEFORE TAX	16.2	18.9	up 17%
PROFIT ATTRIBUTABLE	8.5	10.1	up 19%

Copies of the Annual Report and Accounts will be available from the Secretary, Chloride Group Limited, 52 Grosvenor Gardens, London SW1W 0AU, after July 5th.

CHLORIDE

U.S. RUBBER UNIROYAL HOLDINGS S.A.

The Annual General Meeting of Shareholders of the above company was held in Luxembourg on May 4th, 1976—Mr. A. Elvinger acting as Chairman. The Balance Sheet and Profit and Loss Account as of December 31st, 1975, were unanimously approved.

BALANCE SHEET AS AT DECEMBER 31ST, 1975

	31st Dec. 1974 US\$	LIABILITIES US\$	31st Dec. 1974 US\$	ASSETS US\$
2,129,317 Notes payable ...	1,187,384	16,949	Cash	19,987
846,980 Accrued Interest ...	749,112		Short term Securities	12,138,900
20,372 Accrued Taxes ...	19,645	11,807,400	Interest receivable	88,751
4,383 Other liabilities ...	3,439	250,468	Intercompany receivable	43,572,800
510,000 Long term debt maturities ...	1,921,987	48,927,071	Investment in Parent Company	300,011
136,631 Intercompany payable ...	139,396	300,011	Deferred charges	809,866
47,717,391 Long term debt ...	41,944,824	995,164		
9,600,000 Capital Stock	9,600,000			
58,000 Authorised Capital Stock	59,800,000			
68,000 Legal Reserve	68,750			
1,265,989 Earned Surplus	1,294,876			
		56,930,315		56,930,315
		62,299,063		62,299,063

PROFIT AND LOSS STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31ST, 1975

	US\$	
3,555,415 Interest Income	3,355,250	
53,920 Debenture purchase profit	25,654	
12,044 Dividends received	11,183	
	3,621,379	
2,631,538 Interest on long-term debt	2,843,698	
406,818 Other charges	307,932	
85,281 Provision for taxes	84,089	
262,820 Loss on fluctuation of major currencies	125,729	
	3,586,457	
34,922 Net income	30,639	
1,274,567 Earned surplus at beginning of year	1,265,989	
43,500 Transfer to Legal Reserve	1,750	
	1,265,989	
	Earned surplus at end of year	1,294,876

The Managing Director, Mr. John A. Landesberger, declared that the 1975 financial results have been satisfactory notwithstanding the extreme fluctuations in exchange rates which took place during the year under review and which of needs affect the Company's financial results.

Based on current economic outlook, management anticipates that 1976 earnings will compare favourably with those of 1975.

B & C Shipping better than expected at £16.4m.

English China Clay recovery

ON GROSS revenue up from £9,078; air transport and heli-copter operations £5,228 (£2,638); will remain open until July 15. British and Commonwealth shipping support services £974,1976. Shipping Company declined from £3,517; currency loan losses £937 to £16.4m. in 1975.

The profit is considerably greater than the £12m. projected at the interim stage when a downturn from £8.37m. to £5.81m. was reported. The principal differences arise from dividends from overseas container lines of £1.22m. better returns from other dividends and interest, improved shipping and helicopter operations profit and surpluses from the sale of ships of £887,000. Contracting relating to earlier years yielded a further profit of £490,000.

Though it is too early to assess results for the current year, the trading pattern is not dissimilar to that in the previous year, the directors report.

Earnings per 50p stock unit are shown at 26.1p against 26.8p. Incorporated in associated companies are due from £0.90 to 26.5p. The final dividend is kept at 4.0p a share net which steps up the total from 6.8375p to 7.535p net.

Unrealised foreign exchange losses arising on loans made to U.K. subsidiaries in foreign currency—to finance the acquisition of ships and helicopters—of £0.47m. need to be carried forward and will be written off when realised, the directors note. They believe the new policy gives a fairer presentation of the group profit.

Commenting on leisure interests they say that although showing some improvement, the overall result is disappointing. The loss mainly arises from hotel operations in the Caribbean Islands where there is excess capacity.

Operating profit comprised £600,000 omitted: shipping £3,057

£8,078; air transport and heli-copter operations £5,228 (£2,638); will remain open until July 15. British and Commonwealth shipping support services £974,1976.

(£377); leisure industry £0.01 loss

insurance £141 loss (£120 loss); office equipment £556 (£538) and other activities £0.03 (£45).

Gross revenue Shipping, aviation, etc. £11,300 147,900

Profit prior contracts profit 24,28 53,116

Profit ship sale 567 1,177

Interest income 491 1,985

Operating profit 5,637 1,616

Portfolio investments 1,676 1,760

Other investments 1,776 1,760

Interest received 3,446 3,945

Other interest paid 3,446 3,465

Tax profit 6,426 9,178

Extraordinary profits 1,090 1,095

Interest on debentures 1,119 1,125

Dividends paid 1,252 1,252

Retained 3,151 4,709

Full year to March 31, 1976. The attributable balance is £16.6m.

At mid-year, reporting profits up from £2.28m. to £2.73m. in the

12 months to Dec. 31st, 1974

US\$ 12.044

Interest Income

Debenture purchase profit

Dividends received

Total income

3,392,087

Interest on long-term debt

Other charges

Provision for taxes

Loss on fluctuation of major currencies

125,729

Net income

Earned surplus at beginning of year

Transfer to Legal Reserve

Retained 1,252 1,252

Interest on debentures

Dividends paid

Tax profit

Extraordinary profits

Interest on debentures

Dividends paid

Retained 1,252 1,252

Interest on debentures

Dividends paid

Retained 1,252 1,252

Interest on debentures

Dividends paid

Retained 1,252 1,252

Interest on debentures

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Retained 1,252 1,252

Interest on debentures

Dividends paid

Retained 1,252 1,252

Interest on debentures

Dividends paid

Retained 1,252 1,252

Interest on debentures

ish China
recovered

Second half upsurge gives Chloride record £19m.

A SECOND half increase in profit from £2.2m to £11.6m, with the policy of investment in the company's growth record £19m for the year ended March 31, 1976, compared with £15.2m in the previous 12 months. This "strong recovery" in the second six months provides the company with its eighth successive year of increase.

In November last year the directors said Chloride would be hard pressed to maintain its record of profit improvement but the second half should show an advance over the first half.

Now, they say that the past year has borne the brunt of the recession and the cost of establishing new industrial battery businesses in Germany and the U.S. For these reasons, together with the expected recovery in world demand for motive power batteries, Chloride "should achieve profit growth for the current year."

Sales for the year improved 10.5 per cent to £215.8m. Net tax profit included a higher interest charge of £1.1m (£0.9m) and is struck off after Michael Edwards, chairman, said interest charges down "from the increased level of investment £4.2m to £2.9m, and a credit limit would go to expand existing plants worldwide but the most significant single investment

Stated earnings per 25p share would be the continuation of the are lower at 18.5p (18.2p) before building of a new 500,000 cell tax; after tax they are down from 10.5p to 9.8p. The final dividend is 2.883p net for a 2.883p total (3.883p).

Companies outside the U.K. continued to be affected by the depressed capital goods market, contributing 58 per cent of operating profit. Borrowings rose marginally but by difficult trading conditions in metals, this was more than offset by an improvement in held at 65 per cent with an improvement in net gearing from 61 per cent to 57 per cent.

Capital expenditure of £11.5m were covered by cash flow of £12m, very hard in the first half but This level of investment, say the recovered by more than three directors, is expected to rise percentage points in the second

further, in 1976-77 and is in line with the policy of investment during a recession to ensure that capacity available during times of peak demand.

Chloride America's operating profit was little affected by the fall in oil prices but, after adjusting for the loss of profit due to the divestment of non-battery interests, showed an increase over last year. Chloride Europe, despite a strong performance in the second half, fell short of last year's achievement. Chloride Overseas significantly improved its performance.

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useful. There are no forecasts at this stage; meanwhile a yield of 3 per cent at 125p is covered 4 times, and the 1976-77 p/e could now be close to 4.

Mr. Carmichael says that the textile division made progress towards a more satisfactory level of profits. Within the oil services and engineering division, the Aberdeen Services Company (North Sea) exceeded the expected increase, but engineering, even in its reduced form, made a loss.

The hardware and packaging division was affected by the process of integrating the hardware companies within new premises and achieved only a moderate level of profits.

See Lex

Downturn at Consd Plantations

PRE-TAX profit for the nine months to March 31, 1976, of Consolidated Plantations decreased from £10.13m to £8.5m.

In spite of significantly greater palm oil production and the higher price realised for rubber, profit was down due to a reduction in the price of palm oil and a reduction in the rubber crops following measures arising from the price stabilisation scheme, the directors state.

The ultimate holding company is Sime Darby Holdings.

Profit in the U.K. and the U.S. continued to be affected by the depressed capital goods market, contributing 58 per cent of operating profit. Borrowings rose marginally but by difficult trading conditions in metals, this was more than offset by an improvement in held at 65 per cent with an improvement in net gearing from 61 per cent to 57 per cent.

Margins in the U.K. were but covered by cash flow of £12m, very hard in the first half but This level of investment, say the recovered by more than three directors, is expected to rise percentage points in the second

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The hardware and packaging division was affected by the process of integrating the hardware companies within new premises and achieved only a moderate level of profits.

After being down by £25,000 to £65,000 at half-year pre-tax profits of Invergordon Distillers (Holdings) increased from £1.4m to £1.5m for the year ended March 31, 1976.

Last November, the directors said that the interim results reflected difficult trading conditions and results for the second half were not expected to be comparable with the first half months.

Stated earnings per 25p share are 3.82p (3.86p). A final dividend of £1.294m makes a net total of £1.8436p compared with 1.7p previously.

Year 1975-76 1974-75

Turnover £531.46m £547.51m

Profit before tax £36.7m £44.5m

Dividends 10% 10%

Total net assets £17.776.690 £15.727.485

Net Asset Value per Ordinary Share 298p 298p

At this time last year, I referred to the complex and worrying world outlook which made it virtually impossible to predict the outcome of the financial year which had just started. In the event, these complexities were accentuated throughout the year, particularly in relation to the United Kingdom economy, the continuing lack of confidence in sterling, and also the political situation developing in Africa.

In spite of these factors we are able to report at this time, satisfactory increases both in revenue and in capital value over their previous record high levels.

The distribution of our investments shows significant increases during the year in the United Kingdom, in North America, and in Australia, with a notable decrease in South Africa brought about by sales of investments together with a sharp decline in share prices. Our investments outside the sterling area continue at over 60 per cent of the total.

Turning now to the year ahead, the outlook remains obscure, although perhaps slightly less so than at this time last year. In the United Kingdom it has yet to be seen whether the new incomes policy will be fully accepted, and if it will prove to have the desired effect of reducing the rate of inflation to a manageable level. The outcome of this will materially affect the build-up of confidence both internally and abroad and the future level of stability in world markets.

Overseas, the upturn in the economies of the United States, Japan and West Germany is now established at a steady rate, together with the increase in demand for most commodities, portends well for the year ahead. Beyond this, it is unwise to forecast, as so much will depend on political factors including the outcome of the Presidential election in the United States.

We are satisfied that, in the absence of unpredictable events, the basic policy of a reasonably wide spread of investments, both geographically and industrially, which has proved so successful for your Company through good years and bad will continue to provide for the shareholders the pattern of steady growth of income and capital which is our objective.

We are confident that the increased annual rate of dividend can be maintained and it would be the intention of your Board to declare an increased interim dividend in order to reduce the disparity between the two payments.

Copies of the Annual Report can be obtained from the Secretary at the registered office:

21, Broad Street, Jersey, Channel Islands.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

The Forty-third Annual General Meeting of shareholders of The Scottish Agricultural Securities Corporation Limited was held at the Registered Office of the Corporation on 17th June 1976. Mr. J. B. Burke, Managing Director of The Royal Bank of Scotland Limited, Chairman of the Corporation, presided and, in moving the adoption of the Report and Accounts, said:

The past year has been perhaps the quietest the Corporation has experienced for twenty years. Loans completed at £155,000 were in fact 28,000 more than the previous year while net lending showed a drop of £130,000. Until relatively recently we have experienced a period when little movement in farm ownership took place. Farmers were uncertain as to the implications of the new capital transfer legislation. Freedom of action in the industry following the serious set-back in profits which many experienced in the preceding year. During the past few months, however, there has been an increase in the number of farms offered for sale and those sold have shown a marked increase in price. The number of let contracts for fixed loans was one of the factors which enabled the Corporation to contain its rate of interest to 15% throughout the year, notwithstanding the fact that for the most part of the period it would have been impossible for the Corporation to raise long term finance below 15%. The Board are also ever conscious of the need to keep the cost of money to the farming community as low as possible. The problem was taken care of by the temporary expedient of relying on short term assistance from the Corporation's bankers and the overdraft figure had built up to £2,291,558 by the close of the financial year.

The Board were relieved, however, to be able, during a period of relative calm a few weeks ago, to fund this short term borrowing, £2 million 14% Debenture Stock. 1993 was issued at 95% which taking expenses into account will cost the Corporation approximately 14% per annum. It is regretted that the Corporation's Debentures do not enjoy the concession of capital gains relief which is applied to British Government Securities, and this is considered to add at least 1% to the cost of the Corporation's borrowing.

Turning to the Accounts, largely due to the differential in interest rates achieved by borrowing short, the profit for the year before taxation was by £25,000 after providing of an extra £25,000 for Bad and Doubtful Debts. In anticipation of the expenses of the Debenture Issue, an increased balance was carried forward on the Profit and Loss Account while another £100,000 was added to the General Reserve. The future outlook remains uncertain but I am confident that the Corporation remains in good shape to continue its traditional role as the provider of long-term finance to the Scottish agricultural industry.

The year just ended was a challenging time also for the staff of the Corporation, but Mr. McTurk and his team continued to carry out their duties in a highly satisfactory fashion.

The Report and Accounts were formally approved and adopted and a dividend of 3% duly declared.

See Lex

RECENT ISSUES

EQUITIES

1975

Stock

Dividend +

Amount Date

High Low

1976

Stock

Dividend +

Amount Date

High Low

1975

Stock

Dividend +

Amount Date

High Low

1976

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Ford of W. Germany set for another good year

By NICHOLAS COLCHESTER



AFTER ACHIEVING a remarkable turn-round in 1975, Ford of West Germany is set for another "very good year" in 1976. A 28.8 per cent. increase in unit sales in 1975 led to after tax profits of DM.283.2m. in place of DM.176m. of losses. Under the aggressive leadership of chairman Robert Lutz, the company raised its share from 10 per cent. to 12.6 per cent. in a German car market that led the German economy out of recession. Herr Lutz says that in 1976 Ford's market share will rise to 14.6 per cent.

The chairman's confidence for 1976 is supported by the impressive delivery times that have already been built up on some models. Indeed it seems that shortage of production of the recently introduced "Taunus" and of the "Fiesta" small car, which is soon to be launched, will be the main constraints on the company's sales this year. Herr Lutz expects German Ford's production this year to be 750,000 cars against 685,000 in 1975. This would bring output back up to the 1973 level and would make more profitable use of Ford's theoretical capacity at present of 850,000 cars a year.

After the financial stringency of 1975 when Ford invested DM.183.7m.—less than half its 1971 investment—the company plans to spend DM.250m. in 1976. The management makes it clear that the time of major expansion in productive capacity passed several years ago and is unlikely to be repeated. Herr Lutz re-

ferred to the DM.125m. that Ford Europe has spent on the new plant at Valencia in Spain as the last of the big European investments. He also maintained that automation in car production appeared to have reached a limit at the moment, explaining that use of industrial robots reduced the industry's flexibility in the face of changing market demands.

Ford's unit sales last year were up by 28.8 per cent. to 644,000 while its exports were up from 320,500 vehicles to 381,000. Employment at the end of 1975 was 48,150—down from 49,418 a year earlier.

BONN, June 17.

"extras" in the basic price. The redesigned "Escort" model that was introduced in February 1975, took 4.4 per cent. of the German market, and the company's biggest model, the "Granada," improved its share from 2.5 per cent. to 3.6 per cent.

This year Ford's ball is being kept rolling by the introduction of the new "Taunus" and of the still-awaited "Fiesta." Delivery times for the former stretch into November in Germany and into next spring in some foreign markets. Fiestas are already coming off the company's Saarlouis production line at the rate of 800 a day and production at Valencia should start at the end of this year. The Fiesta programme is costing Ford Europe an investment of DM.25m. and is seen as Ford's weapon to break into three markets in which Ford is weak—France, Spain, and Italy. The Fiesta will also be produced at Dagenham.

The company expects a turnover in 1976 of DM.5.5bn. after DM.6.2bn. in 1975 and DM.4.88bn. in 1974. The management is being somewhat cagey about the profit that it expects for the year, but admits that return on sales will be no less than 5.4-6 per cent. A 5 per cent. return would imply a profit of DM.370m. compared with last year's figure of DM.233m.

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Rhone Poulenc sees recovery

By JAMES FORTH

RHONE-POULENC SA should show a profit, post depreciation, for the current financial year, provided the level of business activity during the second half of the year matches that of the first quarter. This forecast was made by the chairman, Renaud Gillet.

Earlier, it was announced that the group share of the net consolidated losses was Frs.879m. after a profit of Frs.833m. in 1974.

During the first quarter, group turnover rose by 12 per cent. According to the chairman, this was sufficient to cover all provisions for depreciation.

The chairman added that divisions within the group have been authorised to proceed with investments, albeit mediocre, to be a "rather mediocre year" and profit margins should be low. Nevertheless, barring unfortunate accidents, the concern's Frs.37.1m. were recorded, and this outcome compared with net further reappraisal of prospects. A projected investment figure for the year of Frs.15m. was should not be affected.

Discussing the divisional prospects, M. Jean Fogot stated that Creusot Loire, the major French steel and nuclear equipment concern, has revealed a sharp drop in net consolidated profits for 1975. According to figures released in Paris' group net consolidated profits last year were only Frs.30.5m. This figure compares with a net outcome in 1974 of Frs.99.1m. Profits attributable to shareholders are quoted at Frs.28.3m. (Fr.833m.), and net cash flow is calculated at Fr.394.4m. (Fr.518.4m.).

Prospects for the current year are also poor. Agencies report that the Creusot-Lorraine president, Mr. Jean Fogot, informed shareholders that 1976 was likely to be a "rather mediocre year" and profit margins should be low. Results for 1975 were described as bad. Losses of Frs.37.1m. were recorded, and this outcome compared with net profits the previous year of Frs.24.4m.

Nevertheless, barring unfortunate accidents, the concern's Frs.37.1m. were recorded, and this outcome compared with net further reappraisal of prospects. A projected investment figure for the year of Frs.15m. was should not be affected.

Variations in Japanese profits

By CHARLES SMITH, FAR EAST EDITOR

JAPANESE INDUSTRY made a therefore, that non-operating Some companies may also experience a profit recovery items such as sales of securities have treated losses arising from during the six months ending in contributed heavily to the good the maintenance of idle plant March, after suffering what showing put up by many something which nearly all everyone now agrees was its Japanese industries had plenty half way since the war in March business term.

The extent of the recovery, however, varies according to the criteria used, judging by a survey of the latest crop of business results just published by Wako Securities Company.

The Wako survey, which covers the 370-odd companies quoted on the first section of the Tokyo stock exchange, shows current profits (including non-operating revenue) up no less than 65 per cent over the September business term with manufacturing companies alone recording a spectacular improvement. It would appear that during the period it has been recovering of 464 per cent. Sales, however, past six months, securities which from the recession, however, showed a rise of only 5.5 per cent. in some cases held for sales, and revenue figures are up during the period and years by the same company were probably more truthful, at least operating profits were up a classified as "current income" in manufacturing industries. On comparatively modest 9 per cent when unloaded to improve the basis some Japanese industries have admitted pulled

themselves up sharply during the past six months: the motor industry for example showed a 28 per cent. growth in operating profits in the six months to March and a 12 per cent. rise in sales. In the electric machinery industry profits were up 24 per cent. and sales 7.5 per cent.

Less inspiring
This accords with reports in a too, would tend to give a better number of industries for superficial appearance to a example, steel) of heavy sales company's profit performance.

Sales of securities by Japanese companies should in theory be profit figures, including non-operating results, as special non-operating income non-recurring items, so it is of extreme importance that securities originally bought with a view to resale. However, distinctions between the two types of operating figures under this are frequently blurred and an indicator of how Japanese companies are faring. It would appear that during the period it has been recovering of 464 per cent. Sales, however, past six months, securities which from the recession, however, showed a rise of only 5.5 per cent. in some cases held for sales, and revenue figures are up during the period and years by the same company were probably more truthful, at least operating profits were up a classified as "current income" in manufacturing industries. On comparatively modest 9 per cent when unloaded to improve the basis some Japanese industries have admitted pulled

Mitsui plans Hong Kong, Tokio issue

By CHARLES SMITH

TOKYO, June 17.

MITSUI and Co., the second largest of Japan's giant general trading companies, plans to issue a Hong Kong issue will be used as capital for Mitsui's Hong Kong subsidiary which was established early this year.

The issue will coincide with a 16m. share issue in Tokyo and the two together will generate funds of around Yen.1bn. (about £30m.), depending on the market price of Mitsui stocks at the end of August.

The issue will be the first Japanese trading company to be listed in Hong Kong but will join about ten other Japanese manufacturers already listed on the Tokyo Stock Exchange.

It will apparently also be the first Japanese concern to introduce its share to Hong Kong, will be a local subsidiary of a special issue aimed specifically at Nomura and Wardley Ltd.

\$140m. loan for Poland

Financial Times Reporter

A \$140m. five-year Eurodollar loan for ZPN, the Polish union of inorganic chemicals industries, was signed in Paris yesterday.

The proceeds of the loan will go towards financing a plant producing complex fertilisers at Poler on the River Oder, 12 miles south of Szczecin in Poland. The complex will be constructed by Cescof Loire Industries and will be producing 823,000 metric tons of NPK per annum when it is working at full capacity in 1981.

The Eurodollar loan is part of a large scale financing involving substantial export credit. It offers participating banks a spread of 1% per cent. and is guaranteed by Bank Handlowy. The management group is headed by various members of the Cibulk group.

Woolworth forecast

F. W. WOOLWORTH Company expects an overall annualised sales increase in the area of 10 per cent. in 1976, with total dollar volume surpassing the \$5bn. level and earning expected to keep pace. AP-DJ reports from Buffalo.

M & S in Canada

PEOPLE'S department stores, controlled by Marks and Spencer of the U.K., shows a loss of \$4.4m. for the 39 weeks ended April 24, against a profit of \$1.4m. (31 cents a share) a year earlier. Sales were \$280m. against \$261m.

Two divisions are profitable, but the M and S trading divisions will continue to show losses in the current fourth quarter. The Consolidated loss for full year will be larger than for the first 39 weeks. But results from St. Michael Foods continues to be "most encouraging." Robert Gibbons writes from Montreal.

Canpac project

CANADIAN PACIFIC (CP) says it plans an \$112m. redevelopment in downtown Montreal, including a 22-storey building to accommodate its corporate headquarters. Reuter reports.

CFP methane stake

CIE FRANCAISE des Petroles SA (CFP) said it took a 10 per cent. stake in Cie Francaise du Methane ceded to it by Ste Nationale des Petroles d'Aquitaine, Reuter reports from Paris.

CFP thus becomes the third shareholder in the company alongside SNPA and Gaz de France.

Leykam dividend cut

LEYKAM-MUERZTALER, the Austrian paper and pulp company, has reduced its dividend for 1975 from 7 per cent. to 6 per cent. Announcing this today, the Board stressed that last year brought "considerable setbacks" to the Austrian paper industry. In volume terms domestic sales of paper last year were down by 21 per cent. compared with 1974. In order to offset these setbacks the company tried to increase exports but succeeded only via price concessions. As a result of these efforts the share of exports rose to 52 per cent. (31 per cent.) of the total turnover. But the sales total was down from Sch.2.37bn. in 1974 to Sch.2.29bn. last year. Net profit was down from Sch.26m. in 1974 to Sch.15m.

Meanwhile, IHC Holland has also stated in Rotterdam that it has secured an order from Kuwait for a cutter-suction dredger. Won in the face of fierce domestic competition, the company admitted that the order, worth around Fis.20.30m., had been "loss-making." It had been obtained from the Kuwait-based Gulf Dredging Company.

IHC to close Bolnes

AMSTERDAM, June 17.

IHC HOLLAND, the specialised ship company which had expressed interest in the company where 175 people are still employed.

IHC said that the problem at Bolnes has been the fact that the engines produced there were being rapidly forced out of the market and that changing of the production lines to build different engines would require far too much investment. Smit has, meanwhile, accumulated losses totalling Fis.10m., and this situation amounted to an unacceptable burden to the other subsidiaries and the company as a whole.

If added that, in the past, talks aimed at restructuring the Dutch shipbuilding company, which had been in Rotterdam for 100 years, had been "loss-making," it had been obtained from the Kuwait-based Gulf Dredging Company.

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JULY 1976

FINANCIAL TIMES SURVEY

Friday June 18 1976

Mauritius

Like a microcosm of the multi-racial state,
the island of Mauritius is the crowded home of a number of ethnic
groups. They co-exist amicably, helped no doubt by the general economic
prosperity, which has sugar as its mainstay.

Model for racial harmony

By Alain Cass

If ONE was to imagine a small island, for the sake of argument, in the Indian Ocean, some 500 miles off the east coast of Madagascar, imagine a population of around 870,000 of whom 42 per cent were Hindus, 32 per cent Black Creoles and the rest a mixture of Moslem, Chinese and White settlers from France, and plant-sugar but virtually nothing else: you would, on paper, be faced with one certainty and one high probability.

The certainty is that you would have too many people on too small an area with too few resources. The high probability is that you would also have social unrest, racial tension and political instability.

The situation on Mauritius, which is just such an island, traders, the Indians both about 40 miles by 35, with 200 planters and traders, and the miles of coastline surrounded by some breathtakingly nearly 300,000, tend to seem- ingly overcrowded. Franco-Mauritian hammar and is not taking place—which might expect.

There is a high rate of unemployment, intense competition for the limited resources and, whose influence in commerce is for sectarian conflict. And yet there isn't any.

This is a point worth dwelling on, not so much because Mauritius's relative degree of racial harmony could be an object lesson to other places which have made a mess of much more affluent circumstances, but because it is good a way as any to unravel the complexities of the island and put one's finger on the currents of power which drive these dynamic little communities.

Power on the island, crudely speaking, is shared by the largest and the smallest communities. The Hindus—the largest—have the votes and therefore control Government. Out of 21 Ministers in Sir Seewoosagar Ramgoolam's Labour-dominated Cabinet 14 are Hindu, two Moslem, four Creole and one Chinese.

The smallest community, the White Franco-Mauritians, have no Ministers and virtually no political power. But they control the economy. The "Grand Blanc," as they are known, own 17 of the 21 sugar factories and are very rich men indeed. Most if not all of them pulled themselves up by their bootstraps: and sugar, of course, remains the paymaster of the economy.

The island's ethnic variety can distort the underlying and less dramatic reality. Analysis of it should serve chiefly as a way of understanding how the island ticks and should not be taken as a portrait of a nation obsessed by its own diversity.

One thing, however, which

the Indian anvil. In fact they are course is not the case. It is economic ties with India and States (OCAM); it has close ties in time a major world economic and of course the dominating politi-

cal influence on the island. The French tourists and—though it to Africa—to ignore this has no political links with reality would not only be to Pretoria and officially condemns misunderstand how events are

apartheid as vigorously as any moving but to consign itself to

African State—there are close outer economic darkness, he

commercial links between argued.

Mauritius and South Africa. For

Sir Seewoosagar may be fight-

a start, nearly 40 per cent of his last election. He held office since leading

Mauritius to independence in

March, 1968, and is now 76. The

OAU rumpus apart, he will be

taking to the voters a record

which is impressive. Growth

rates in the economy have aver-

aged around 10 per cent a year

over the past four years. Around

50,000 new jobs have been

created in the last five years.

How deeply people felt about

these arguments is unclear. To

Plan; there has been slow but

the outsider passions did not

sure change in the structure of

the economy, and above all else

the argument found some there has been political

stability.

This search for an identity

recently bubbled to the surface

in the form of a rather gentle-

manly and half-hearted protest

by civil servants who objected

to the fact that the Organisation

of African Unity had been

invited to hold its summit in

Mauritius in June and early

July.

The strike, led by M. Duval, lasted for a few days. Its motivation was not entirely clear.

But two main streams of ob-

jection emerged. The first was the

cost. Mauritius needs the money

so why spend it on an event

further six months, and he

urged the world to view the

objection against this back-

ground.

But his basic thesis—and it

like this, Mauritius is a small island. It has to live on its wits

side of events in Africa is

taxation starts at 10 per cent,

and course and whether Sir Seewoosagar will continue on a

middle-of-the-road

platform, Mauritus will continue to be

widely discounted whoever gets in.

The probability is that

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MAURITIUS II

Sugar still dominates economy

IT IS hard to talk economics in census in 1972 was running at beginning to realise that in Mauritius without talking sugar. 16 per cent. of the workforce order to maintain their relative and absolute terms lowest costs of production in the Indian Ocean island full of the sugar industry, as iting heights of the economy and service sectors, which it zones are doing well; there is charm and paradox — that's mechanisms, wants to shed they have, to get into the estimated will grow to 15 and some success in import substitution. June, July and August — it is labour and the acreage under growth areas on the ground 21 per cent. respectively of him (though 25 per cent. of all virtually impossible to move plantation is likely to remain at floor. That means diverting as GDP by 1980. more than a mile or two with the present level. So jobs have large a proportion of their out being engulfed by the tall to be found elsewhere. sugar cane plant in flower and ripe for cutting.

Despite the intense current debate over the need to diversify the economy rapidly, sugar remains the predominant fact. It pays the island's current expenses; it feeds capital development and, for the time being, underpins the finely balanced stability of this very complex and dynamic community of widely differing interests.

But things are changing. Though sugar remains in an unassailable position there has been enough structural changes in the past three years and sufficient growth in other areas of the economy to suggest that Mauritius may not be a monolithic economy for very much longer.

Economic factors apart, there are social and political reasons pushing for change. First, there is the dynamism inherent in the Chinese and Indian communities who are heavily involved in commerce and industry. As explained in the introduction article, the so-called sugar barons, who are mostly white, are creating more jobs. Unemployment at the last population political base to speak of, are

achieves in the next five years a net emigration of some 3,000.

The third catalyst for change in the structure of the economy is, paradoxically, the result of decisions being taken by the sugar industry.

Secondly there is the need to broaden the economic base to diversify its hold-

Output

Agriculture (which includes sugar as well as the very small quantities of tea and rice produced) is expected to grow at an annual rate of two per cent. in output terms and less than one and a half per cent. in employment, while new jobs are expected to grow at 17 per cent. annually, in hotels and restaurants at 8.9 per cent. and infrastructure and services by over 11 per cent. a year.

Sugar and tea as a proportion of Gross Domestic Product — constant 1974 prices — are expected to decline from the present level of 55 per cent. to around 42 per cent. in 1980. Most observers would therefore say "so far so good." Sugar

is profitable, with one of the biggest growth rates both in relative and absolute terms lowest costs of production in the manufacturing world; the export processing zone is doing well; there is some success in import substitution. To some extent rapid to remain at around that level retained profits as possible out economic change is already since there is very little room for growth much more on the intensive export processing more and exports netting less imports is food and is likely to grow much more on the island. Imports are costing really very low wages, manufacturers have been fairly since the rupee was delinked from sterling and joined the Special Drawing Rights (SDR) on January 5 last when Cyclone Gervaise destroyed one-third of the crop — and a continuing inflow of foreign aid has left an overall payments surplus.

Unrestrained

But there are dangers in a situation of unrestrained growth. Mauritians are fond of pointing to what they call their spectacular growth rates: 2.7 per cent. in 1970, 11.4 in 1971, then 25.9 in 1972, nearly 30 per cent. in 1973 and a staggering 75 per cent. in 1974. These, of course,

are in current prices, but at factor cost growth has still been extremely healthy, averaging 10 per cent. over the period of the last Plan.

The other side of the story is that the Government's efforts to restrain demand pressure in the economy have not been entirely successful. Inflation is measured, rather inadequately, by a limited consumer price index which shows that prices rose by 14 per cent. on an annual basis

in 1973 and by 75 per cent. in 1974. This year it is running considerably higher than official figures.

But if the cumulative effect with something of a raised cut down inflation (which it has recent wage settlements

could undermine the good

unchecked in 1974-75.) It has been fed chiefly by the rise

prices and the acute shortage of labour in some sectors.

Inflation

As a heavily export economy and imports-dependent economy Mauritius suffers from imported inflation. But as the central bank there is a strong case for saying that price stability and inflationary spiral is unlikely to be defeated unless proper wages policy is introduced.

It would, however, be misleading to say that the same in the sugar industry.

The Prime Minister, in an interview with the Financial Times, conceded that there may be a case for some form of voluntary restraint and accepted that settlements could not run at this rate indefinitely. But he is in the run-up to what is likely to prove a tricky election and not much can be anticipated before the end of the year at the earliest.

An additional factor likely to contribute to the wage price spiral is the cost of living allowance. Over 46 per cent. of salaries, for example, are in the form of cost-of-living allow-

Alain C

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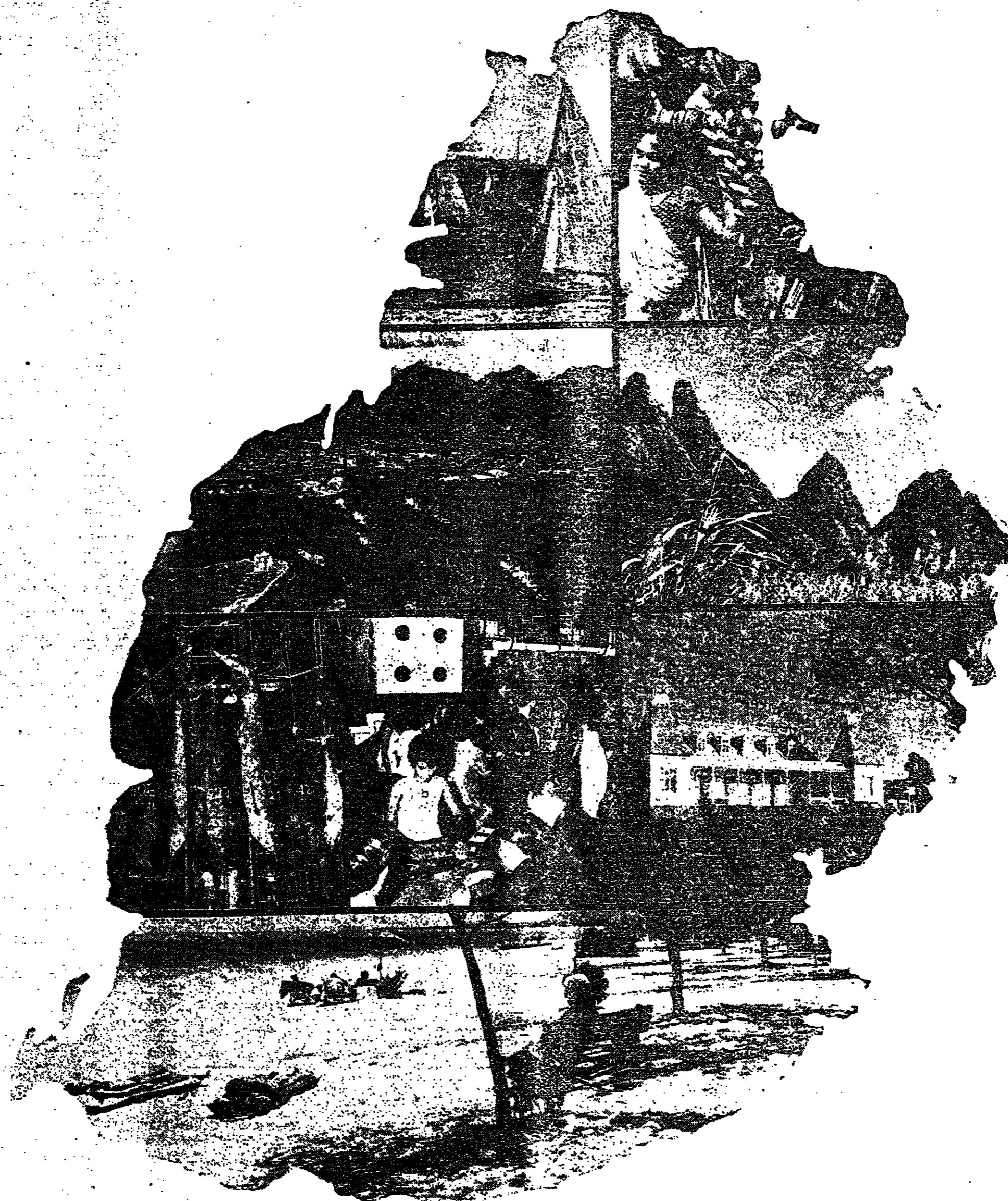
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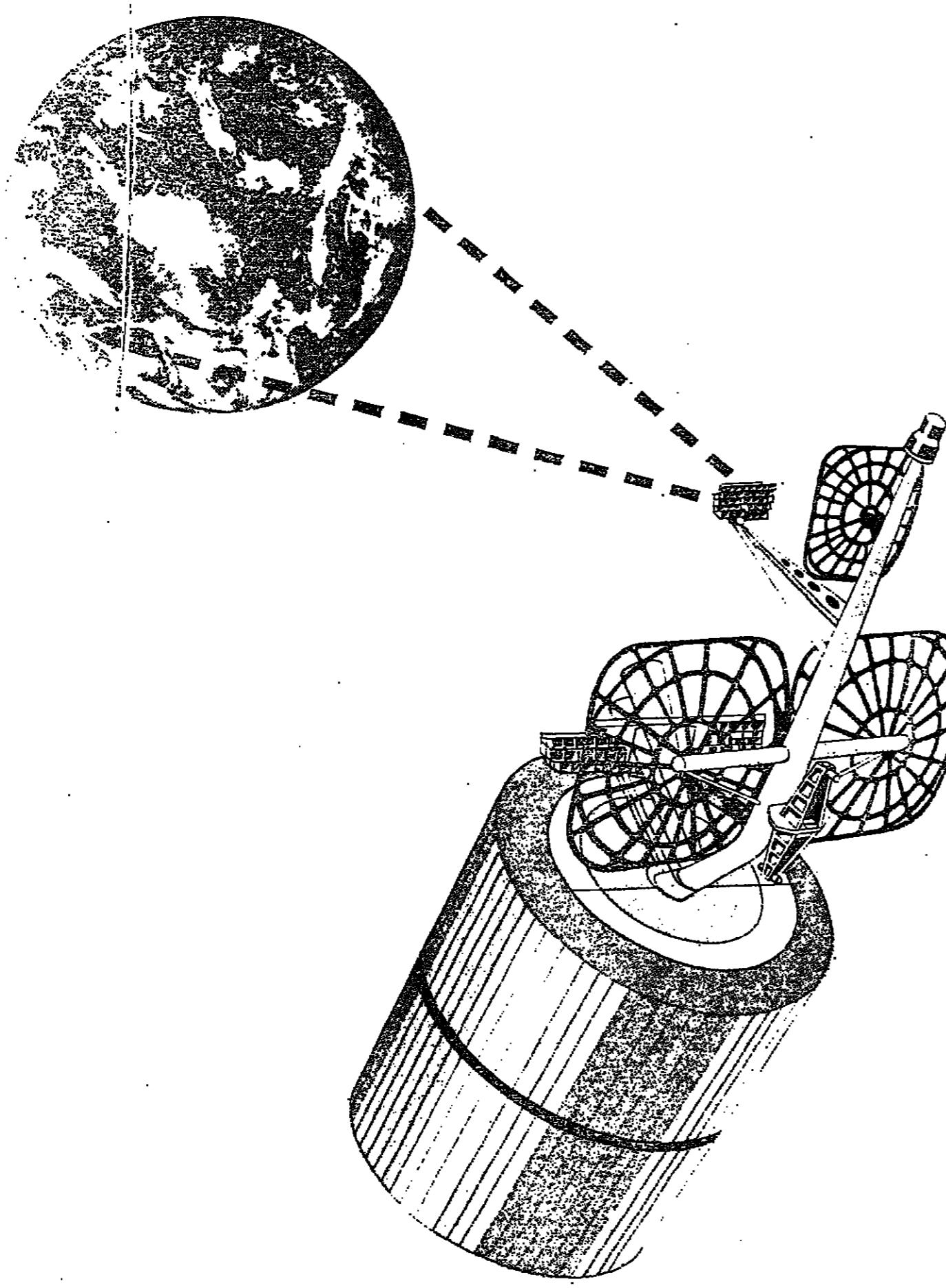
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La Chaussee, Port Louis, MAURITIUS
Tel. 2-1846-7

Mauritius High Commission
32 33 Elvaston Place, London S.W.7, U.K.
Tel. 01-581-0294.5

Mauritius Embassy
68 Boulevard de Courcelles
75017 Paris, France.
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MAURITIUS IV

Industry relieves labour problems

A TWO-LANE motorway starts from Port Louis, the island's capital, runs through one of the high-class knitwear manufacturing areas in the world. Factories and workshops are set against the grey masses of distant mountains. Garden-loving Mauritians have planted purple bougainvillea, yellow canna and scarlet poinsettia round factory fences and in factory gardens.

Some factories are small, some quite large. Many have become its second largest supplier. One has been built in the past three or four years, some only yesterday. Most are busy, many are thriving. People who have not visited Mauritius for many years are amazed at this complex of industries, where, only six years ago, hardly any existed.

These industries represent an important arm of the national economy of Mauritius, fired by the example of Hongkong and Taiwan, made from sugar. Some are aimed at an imaginative plunge into the lessening the island's export scene, with the creation of export processing zones. Besides giving a boost to being remarkably economy generally, they also have the vitally important function of creating new labour opportunities in an island where unemployment is on the increase.

Under this scheme, the Government offers foreign industrialists an attractive package of facilities, advantages and benefits. These include a corporate income tax holiday from five to 20 years, no income tax

on dividends over a period of five years, exemption from import and excise duties on raw materials and capital goods, free repatriation of capital and remittance abroad of corporate profits and dividends, permanent residence permits for professionals, free repatriation of capital and semi-precious stones, makes term loans at preferential rates Chinese-style rattan furniture, and a guarantee against expropriation.

Investors are offered cheap electricity for factories. They can get standard factory buildings at low rents, there is excellent infrastructure, including a modern road network, and Port Louis offers them a good harbour, now being deepened, modernised and containerised. There is a modern airport, and another larger one is under construction.

The most valuable attraction of all to industrialists is a

plentiful supply of literature from the West, Germany, France, Britain have moved in in relatively low cost, although wages are inevitably going up.

A big incentive, of course, is like men's shirts, women's blouses, pyjamas, sportswear association with the EEC and uniforms and, overwhelmingly, preferential treatment by knitwear, are on top of the Commonwealth countries.

The scheme has brought industries to the country which would never otherwise have come because of the small size of the local market. They are teaching valuable skills to the Mauritian workforce. After a slow start, because of local labour and political unrest, the scheme has grown very quickly. There are now 67 industries in the EPZ, which employs some 14,000 people, accounting for the bulk of industrial employment.

Criticism

There has been some criticism of the fact that most zone industries, especially in the textile and electronics factories, employ mainly women. Some 85 per cent of the workers are women, and efforts are being made to switch the trend, especially as the EPZ is expected to produce half the 47,000 additional jobs planned for the 1975-80 period.

This trend is not necessarily due to the fact that women in Mauritius receive lower wages than men, but rather because industrialists have found that women are more adaptable than men to most of the skills required.

But the very existence of the zone factories have created many job opportunities for men, such as the construction of the factories, the infrastructure being put in, road-building and other ancillary work.

Critics of the employment of women in these jobs seem to forget that the pay packet of the woman may be a life saver to a poor family. Her job, of course, would simply not have been available 10 years ago.

So far some Rs.100,000 has been invested in the EPZ industries. In 1974 the f.o.b. value of exports from the zone amounted to Rs.136.6m. mainly to the EEC countries, Australia and South Africa.

Industrialists from Hong Kong

A South African firm cutting and polishing diamonds, another is reproducing antique furniture. The U.S. represented in electronics, a reunion in Hong Kong is breeding day chicks. A Hong Kong firm engaged in acrylic spinning, raw material from Japan. Mauritius-owned firm is making knitwear with wool from Australia. A big Pakistani firm is making fabrics with cotton imported from Pakistan. Indian firm is exporting trousers to Europe, another making terry towels. Pakistani firm is making Laurent shirts and Francoise to France.

There have been fears that the EPZ scheme makes it easy for investors that Mauritius could have slightly lower incentives. There may changes but certainly nothing which could frighten off investors. The Government fully evaluates all projects submitted.

The level of productivity of the export industries is lower than was assumed. This is due to the policy of maximising payment, which means for highly labour-intensive operations with correspondingly low levels of investment, market enterprises have a higher level of productivity related to a higher level of investment.

The Mauritius Government will be increasingly looking investment projects which are labour-intensive, but it realises that it is in keen competition with other developing countries trying to upgrade their export industries. Mauritius feels it has an advantage in competitive production costs, easy access to market weighted against high fixed costs.

John Worrall

Sugar seeks better yields

THERE IS more to the economy of Mauritius than sugar—but not very much more. The relative importance of sugar in the overall economic structure, is likely to decline but for the time being it is king and its kingdom seems quite secure.

It accounts for 65 per cent of all output value and over three-quarters of export earnings. It covers most of the cultivated area of the island and employs well over one third of the working population. Apart from the central uplands, which are unsuitable for cane, and a few thousand acres down on the west coast which would have to be intensively and expensively irrigated to support the crop, virtually all the cultivable land had been planted to sugarcane by the mid-sixties.

Cane sugar was introduced in Mauritius by the Dutch in 1639. By 1840 the island was producing 41,000 tons of sugar from 200 factories. To-day there are 21 factories producing around 700,000 tons annually.

Production is highly labour-intensive. Despite very low wages by comparison with other sugar producers costs are rising rapidly and the big producers are arguing that they need to mechanise harvesting—processing is already a highly sophisticated and capital-intensive process—in order to prevent their margins being whittled away.

To give an idea of just how labour-intensive the industry is one only needs compare its labour/output ratio with, say, that of Hawaii. The Mauritius sugar industry employs around 70,000 to produce 700,000 tons, while in Hawaii over 1m. tons are produced by less than 10,000 workers.

Many of the big producers have begun to introduce mechanical harvesters and this potential savings—after ironing out the considerable teething problems such as de-rocking the ground and adapting the machines to the hilly terrain—could be considerable. At present it takes

one cutter to harvest a maximum of two tons of cane a day of protest from the sugar producers during this year's sugar season there will therefore be 150 workers, and the ACP countries. Mauritius is a problem, however, thus whose cost of production already high, despite a big itself at around £140 but is

probably a little lower than that would have been happy with the Community's original offer of £180 per ton.

The basic price guaranteed by the Community in fact constitutes a minimum safeguard price (MSP) payable for the sale of ACP sugar to the Community market. The Community therefore theoretically intervenes at the MSP only if the sellers cannot find a market in the Community above that price.

In 1973 the Mauritius Sugar Syndicate, which is the sole marketing organisation, negotiated with the British refiners Tate and Lyle and Marabou Sugars an agreement for the sale of the entire EEC quota to the U.K. for the quota years ending on June 30, 1980. In addition to 1975. Under the agreement the Syndicate can only sell 50,000 tons of the quota to other buyers within the EEC. Since all the

* A quantity of around 113,000 long tons attributable to calendar year 1975 was held in stock for account of U.K. buyers and was shipped in 1976. Source: Mauritius Chamber of Agriculture.

gain considerably as up to a third of the machinery there is manufactured locally.

The outlook for the industry according to its own forecast is uncertain. The rapid fall in the price of sugar on the world market points ominously, argues, to more difficult years ahead. Spot prices in London have gone from a high of £180 in 1973 to the current level around £180.

The production target for 1980 under the Five Year Plan is set at 800,000 tons which most observers agree is unrealistic. The Plan argues that the achievement of the target implies a potential nearly 100,000 tons gross under optimal weather conditions.

To achieve this target, industry has set itself certain tasks, the chief of which is to contain costs by improving efficiency mainly through improvement in cane yields. Present yields average 3.7 tons of sugar per acre (1.8 tons per hectare). To achieve the 800,000 ton target an overall increase in yield of 3 per cent annum over the next five years will be needed.

Additionally, the industry wants to group the small planters (there are nearly 29,000 of them) into larger operatives. Crop yields on large estates are significantly higher than on small plantations.

Showers

Tonnage of cane harvested in 1975 was 4.3m. tons compared to nearly 8m. in 1974. Production was the lowest since 1960 when the island was hit by a cyclone of similar intensity.

This year has got off to a much better start after heavy showers in November of last year and later very favourable weather, and a bumper if not record crop is expected.

One of the great advantages of the sugar industry on Mauritius is its ability to cut down on capital replacement costs. Although the rate of depreciation allowable against tax is more than 10 per cent annually and producers estimate that to replace a factory over 23 years at that rate would leave them over one-third short of their cash requirements. That

Alain C

MAURITIUS V

JULY 1976

Tourist trade seeks new markets

THE MAURITIANS possess one Mauritius with its great tourist assets could easily be sold as a creasing, and Mauritius may British-Mauritian venture. sides sugar, and that is the destination in Europe, America will have a tourist link up soon. In 1974 and loan capital, put in by a party of their tiny, 720-square-miles, and elsewhere. So first-class with Kenya and the Seychelles, amounts to about £2m. in equity.

The island. More and more international beach hotels Zumba's 3,332 visitors in 1974 and loan capital, put in by a

party from distant parts want to go up in attractive spots round the coast. The Govt cause of currency restrictions improved the infra-structure there. The American arrivals by Landmark Hotels (Mauritius), a subsidiary of Landmark International Hotels of London.

With an explosion of new hotels the tourist industry seems set for expansion.

The climate of Mauritius is pical but always caressed by breezes. The shores are

gated by sandy beaches, which themselves encircled by a reef rich in marine life. It is a paradise for divers. It is a paradise for divers and skin divers.

There are mountains thrown up ancient volcanic eruptions in a great central massif, forming the island. There are ruined French ports and abandoned 19th-century mills, and in the forests

lands of deer still wanderers are marvellous botanical gardens and elegant French villas and you can drive through fields of green sugar cane with feathery flowers.

The people are charming, docile and bear the signs of exotic racial mix of European, Indian, African and Chinese origin. In their dealing with each other they speak fascinating French patois, but, however, speak English if you receive a Government letter it will be written in English, the official language.

Hospitality

The island lies in the middle of the Indian Ocean, but Jet

air has brought it near to tourist sources. The

local hospitality of the Mauritians makes the island an and pleasant place to visit.

Mauritian common sense

make it clear that sooner or later the island must diversify away from the pervading Atria, mostly aimed at this

session with sugar, to find an insurance against bad sugar

years and cyclones. Local

business enterprises like the with France, topping the list

of hotels and activated the Germany and Italy about 1,900

in the 1974 total was 72,915. Minister. The hotel, the main control the depredations on the

international enterprise was which included 3,351 from Aus-

tacted, believing that India and 1,308 from India.

Upward

Tourism has shown a consistent upward trend over the last nine years, rising from 14,814 visitors in 1967, to 73,942 recorded in 1975. The average

number tourist nights has been steady at between 10 and 12.

In terms of foreign currency earned tourism is giving a fair boost to the economy.

Gross earnings from tourism more than trebled during 1970-74, reaching Rs.112m. in 1974. Some Rs.80m. was directly spent

in Mauritius by tourists. But a

great deal of the food and drink consumed by the big hotels has to be imported, making a dent

in foreign earnings, though this may diminish as Mauritius becomes more self-supporting in foodstuffs.

The tourist industry is a considerable employer of labour. It is estimated that for every bed in use one person is employed, plus two in the spin-off

occupations like running taxis and selling souvenirs. The number of beds in 1974 was 3,000, training of hotel and catering employees. Promotion is being given on this basis an employment figure of 9,000. In the period of the new development

plan, 1975-80, it is expected that about 2,000 new jobs will be created directly in the industry with the burgeoning of new

hotels.

The Government provides special financial concessions to encourage hotel development.

High priority is given to international standard hotel projects, which maximise the rate of return on resources invested.

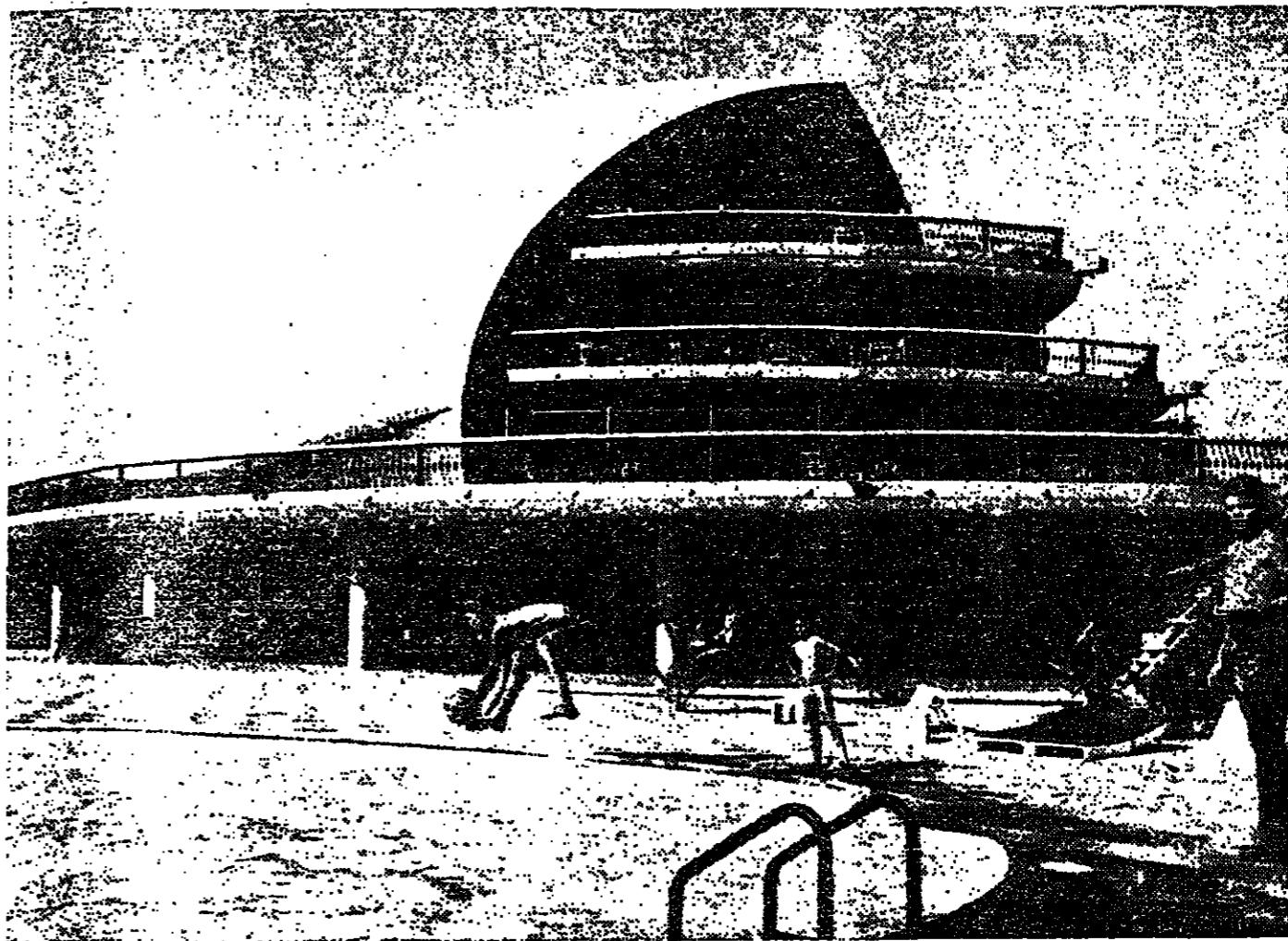
La Pirogue, was opened early this month by the Prime Minister. The hotel, the main control the depredations on the

international enterprise was which included 3,351 from Aus-

tacted, believing that India and 1,308 from India.

in the shape of the sail of a

to anybody who wishes to strip



ABOVE: La Pirogue, a newly built luxury hotel, designed in the shape of the sail of a Pirogue fishing boat.

RIGHT: Sugar is the mainstay of the Mauritian economy, accounting for over 80 per cent. of export earnings.

It of coral, shells and other marine life. One marine biologist visitor told me that at the present rate of tourist influx and with the growing demand for shells and other marine curios, the reef could be destroyed in two to five years. He pointed to the disaster now facing the Kenya coral reef outside Mombasa and Malindi, only recently checked by tough conservation regulations. The most practical suggestion came from the management of La Pirogue, and that is for the Government to establish marine parks along the coast. It would be ironic if the wonderful life of the reef was wiped out like the dodo, which was shot to extinction by Dutch sportmen 300 years ago.

John Worrall



Mauritius Export Processing Zones

Mauritius, an associate member of the European Economic Community with special entry privileges for its products into the Common Market—in addition to belonging to the British Commonwealth, is now flourishing as never before. The Mauritius Export Processing Zones (MEPZ) set up by the Government in 1970, continue to attract foreign investors from America, Australia, Britain, France, Germany, Japan, India, Hong Kong and so on.

No. of Companies	Employment	Exports in M Rs
Jan—March 1974	30	7,146 21,878,369
March—Dec 1974	45	8,969 134,073,893
Jan—Dec 1975	68	11,401 186,154,332

The products manufactured in these zones include electronic components; knitwear; model boats; soft toys; polished diamonds; garments etc.

Companies with technical know-how and marketing outlets found the MEPZ ideally suited for light industries of great labour/skill intensity where the value added factor was substantial. In fact Mauritius has a large reserve of human resources easily adaptable to new and modern techniques of production. Wage scales are much lower than for similar categories in developed countries. There is also a vigorous well-financed local private sector keen to enter into joint venture arrangements with foreign investors.

Steps have been taken to ensure priority of treatment and particularly favourable conditions to investors to facilitate successful enterprises and help them meet their export targets. The Administrative machinery which is centrally located in the Ministry of Commerce and Industry has been geared to this requirement and legislative measures have been taken to fulfil these aims (Export Processing Zones Act, 1970). Lately following representations by the Minister of Commerce and Industry, leading airline and shipping companies have reduced their freight rates substantially for export-processing industries in Mauritius.

This success story can be largely accounted for by the unique package of incentives and facilities offered by the Mauritius Government, the main ones being:

1 Complete exemption from payment of import duty on capital goods (machinery, equipment and spare parts).

2 Complete exemption from payment of import and excise duty on raw materials, components and semi-finished goods (except spirits, tobacco and petroleum products).

3 Corporate Income Tax holiday for a minimum of 10 years and a maximum of 20 years depending on the merits of each case.

4 Exemption from payment of income tax on dividends for a period of 5 years.

5 The issue of permanent residence permits to promoters and shareholders as warranted by the size of their interest.

6 Priority wherever possible in the allocation of investment capital by the Development Bank of Mauritius.

7 Provision of reinforced factory buildings for use by industrialists, alternatively, loans of up to 50 per cent of total building cost for a 10 year period.

8 Free repatriation of capital and remittance abroad of profits and dividends to companies with an approved status.

In 1976 prosperous and peaceful Mauritius still wants to intensify its promotional efforts towards the establishment of export-oriented industries, most particularly joint ventures with the vigorous local private sector so as to meet its target of full employment by 1980. Encouragement will be given to export manufacturing involving more advanced technologies.

Enquiries about industrial investment should be addressed to:
Secretary for Industrial Development Ministry of Commerce and Industry
Anglo-Mauritius House Port-Louis—Mauritius Telex: MAURITIUS IW 249.

Recovery hopes push Dow over 1,000

BY OUR WALL STREET CORRESPONDENT

STOCKS climbed sharply today, signs of a positive nature included buoyed, in part, by evidence that a rise in housing starts in May, the U.S. economy is continuing its increased personal income in the steady recovery from the deep same period, and the thirteenth recession of a year ago. Turnover was heavy.

Traders also appeared confident that Federal Reserve system would follow a steady course on monetary policy over the near-term without creating much upward pressure on interest rates.

The market showed no apparent reaction to the statement by Dr. Kissinger, the Secretary of State.

THURSDAY'S ACTIVE STOCKS

Stocks	Chains	Chains	Chains
American Tel. & Tel.	100,000	100,000	100,000
AT&T	100,000	100,000	100,000
Westinghouse	100,000	100,000	100,000
Petroleum Cos.	100,000	100,000	100,000
General Mills	100,000	100,000	100,000
United Airlines	100,000	100,000	100,000
U.S. Steel	100,000	100,000	100,000
Exxon	100,000	100,000	100,000
General Electric	100,000	100,000	100,000
IBM	100,000	100,000	100,000
Motorola	100,000	100,000	100,000
Chrysler Corp.	100,000	100,000	100,000
General Motors	100,000	100,000	100,000

Three times as many issues advanced as declined, while turnover expanded to nearly 25m. shares from 21.82m. shares on Wednesday.

Bristol-Myers gained \$21 to \$77. The company said it had signed an agreement in Moscow to acquire a license and buy new Soviet pharmaceutical drugs.

United Airlines rose \$1.10 to \$104.10 on the purchase Exxon Corporation ahead \$1.70 to \$104.10. Union Oil of California \$31 up to \$32. Polaroid \$1.10 higher at \$33. Pan Am \$1.10 higher at \$149. McDonald's Corporation \$11 up to \$57. and General Motors \$2.70 day after two U.S. evacuees killed in Beirut.

At the close, the Dow Jones Industrial Average was up 14.57 points to 1,004.10, exceeding the 1,000 mark for the first time in 1975. The Transportation Index rose 1.58 to 215.95. The Stock Index was 3.48 ahead at 308.04. And Utilities had gained 0.35 to end at 85.93. Turnover was 27.85m. shares against Wednesdays' total of 21.62m.

Blue Chips and Glamours were among the strongest features.

The most recent economic stat-

istics showed that the U.S. economy is continuing its increased personal income in the steady recovery from the deep same period, and the thirteenth recession of a year ago. Turnover was heavy.

After the close of trading, the Federal Reserve Bank of New York reported that money supply dropped by \$200m. in the latest statement—a statistic some analysts said supported the belief that monetary policy would follow a steady course over the near term.

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Prices on the American Stock Exchange moved higher as volume swelled to 2.5m. shares from 2.0m. on Wednesday. The Dow Jones Index rose 0.99 to 104.34, while advances outnumbered declines, 425 to 214.

Canada firm

Stocks staged a mild rally in the afternoon led by Blue Chips to finish higher in moderate

turnover. Michelin "B" and Meit Industrials Chemical shares closed very steady to slightly lower. Michelin fell Frs 4 to Frs 100.90, and Frs 321 respectively. However, Corrion gained Frs 11. Oil advanced 1.22 closing at 327.72. And Base Metals put on

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ARMING AND RAW MATERIALS

Common Market plan for NZ butter imports

GUY DE MONQUESSEY, COMMON MARKET CORRESPONDENT

AGRICULTURE Ministers will be called upon next Monday to approve a series of arrangements designed to permit continued importing of New Zealand butter on preferential terms until the end of 1980.

These countries have been pressing for the deferral of a ban on butter imports by the Commission which could provide for a review of post-1960 arrangements during 1976. Their arguments have been bolstered by a recent opinion given by legal advisers of the Council of Ministers.

They found that, while it might be legally permissible to delay one more review of NZ butter imports, anything further would require 3rd amendment to the Treaty of Rome, which itself would have to be ratified by member governments.

British will argue strongly on Monday for retention of the present form, as drawn up by the Commission.

The proposals informed analysts believe they will give a good chance that they will agree to substantially amend the Treaty of Rome, which itself would have to be ratified by member governments.

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The Commission's proposals provide for UK butter imports from NZ of up to 125,000 tons in 1976, 120,000 in 1979 and 115,000 in 1980. The maximum entitlement set this year under Britain's original accession agreement is 145,000 tons; though NZ agreed informally last year to hold 1976 shipments to 122,000 tons.

In deference to EEC dairy producers, the Commission has proposed that, to guard against the effect of a fall in UK butter consumption, the amount of NZ imports in any given year should not be allowed to exceed 25 per cent. of total British direct consumption. It would require that any excess be sold to food processors.

Coffee prices also gained considerable ground in the morning, only to end the day down on balance. The September futures position closed 25 lower, at £1,589.5 a tonne, after reaching £1,625 at one point.

Trade sources said the thorniness of the situation was aided by news that Colombia had served a 16-day notice on US importers of its intention to suspend bonuses on coffee purchases as part of its policy of ending "special deal" arrangements.

Mr Douglas Smith, chairman of the British Potato Trades Consortium, said: "It is difficult to see what can be done after second that date as to the renegotiation of EEC

BRUSSELS, June 17.

review position. But other Community officials believe the UK may be forced ultimately to settle for something less than a binding commitment by the agricultural ministers to consider an extension of the special imports scheme after 1980.

The Commission's proposals provide for UK butter imports from NZ of up to 125,000 tons in 1976, 120,000 in 1979 and 115,000 in 1980. The maximum entitlement set this year under Britain's original accession agreement is 145,000 tons; though NZ agreed informally last year to hold 1976 shipments to 122,000 tons.

No fundamental reasons were offered for the after-lunch fall and dealers could only suggest that the earlier adviser might have been referring to the high price of

the North of England and Midlands looked to be full of good and abundant crops. Not

The river can, seen as a follow-through of the strong tone on Wednesday night, attributed to reports that a Dutch processing plant had been damaged by fire in the week.

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Australia admits meat sale 'subsidy'

OUR OWN CORRESPONDENT, CANTERBURY, June 17.

Australian GOVERNMENT has confirmed to-day that a new subsidy of \$A12m (£1.2m) had been paid out the money following its April decision, the Meat Board of Australia, Meat Board to its losses on a 35,000-tonne quota to the Soviet Union.

The arrangement was approved by the Government on April 27, but action was made not to use it.

At the time, the Treasury strongly opposed the arrangement and had been pressing for special legislation earlier this year to recover the money owed to the Government by the Meat Board.

The Board, acting as prime contractor, went ahead with the Russian sale even after realising it would involve a loss. It argued that it was necessary to move surplus beef and general income for the severely depressed Australian meat export industry.

At that time, the Treasury argued successfully that any Government support of the deal should be through loans to producers and not grants, which could attract charges of breaking obligations on the subsidies of exports under the General Agreement on Tariffs and Trade.

This same consideration is believed to have prompted the Cabinet decision not to announce its action in April. The present Government, then in Opposition, argued last year in favour of grants, and not loans, to support the Russian sale. It was this amount due for the levy debt that prevailed again in the view that the EEC could be looking for imports again later this year.

EEC urged to cut farm surpluses

By David Curry

BRUSSELS, June 17.

THE AUSTRALIAN Government has urged the EEC Commission to take more energetic steps to reduce agricultural surpluses in the Community, and so help Australians to tackle their own farm problems.

Mr Ian Sinclair, Minister for Primary Industry, after talks with Mr Pierre Lardinois, the Farm Commissioner, and the external relations commissioner, Sir Christopher Soames, said he was encouraged by a number of trends outlined to him in Brussels.

The Community had indicated that it believed in maintaining the world price of skimmed milk powder, Mr Sinclair said. It also accepted the need to cut surpluses.

The Commission had said that plans to recycle milk surpluses to the farm by incorporating powder in feedstuffs was likely to continue and involve large quantities.

The EEC had forecast that beef prices would begin to recover in 1977 and 1978, and that the EEC could be looking for imports again later this year.

Mr Smith said that the proposed regulation could result in higher prices for consumers

Potato prices may fall 60%

PARIS, June 17.

POTATO PRICES should drop to about a third of their present level, if farms get more rain, importers of its intention to suspend bonuses on coffee purchases as part of its policy of ending "special deal" arrangements.

Mr Smith was speaking before the start of the annual congress of the European Union of the Wholesale Potato Trade, which represents merchants from the nine EEC countries, and also Spain and Switzerland.

One of the topics to be discussed is a proposed EEC regulation.

Mr Smith said that the proposed regulation could result in higher prices for consumers

SUGAR PACT

The consultative committee of the International Sugar Organisation has agreed that a full negotiating conference for a new International Sugar Agreement should be held in the spring of 1977, it was reported in London.

Mr Smith said that the proposed regulation could result in higher prices for consumers

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FT SHARE INFORMATION SERVICE

The Financial Times Friday June 18 1976

VITELS *Continued*



FINANCIAL TIMES

Friday June 18 1976



Spydar profit to be repaid

BY MARGARET REID

MR. JIM SLATER, former chairman of Slater Walker Securities and five others are ultimately to repay a total of \$1.9m (£1.05m) profit made through Spydar Securities, a private Hong Kong investment company under which a controversial employee incentive scheme was run.

This has been arranged in connection with an "amicable" agreement, yesterday, under which SWS is to accept \$20m (£11.5m) in settlement of its disputed \$29m (£16.5m) loan claim against its one-time assessors, the Singapore-based Haw Par Brothers International.

The loan agreement avoids further legal battle between SWS and Haw Par over both the loan and a £16m deal in 1973 by which SWS sold to Haw Par, in which it then had a large stake, its major holding in Slater Walker Securities (Hong Kong).

Agreement

It follows years of, at times bitter controversy in Singapore over the rise and fall of the Far East empire of SWS, which was headed until last October by Mr. Slater, and has been blessed by the Singapore authorities.

The loan settlement reached in London between Sir James Goldsmith, SWS's present chairman, and Mr. Michael Fam, who now heads Haw Par, resolves one of the major uncertainties over the position of SWS, whose insurance company is also likely to be sold shortly.

These moves should open the way next month for publication of SWS's 1975 accounts, with necessary loss provisions, for the disclosure of the length of accountants' report on the group and the definition of its future role.

Under the loan agreement, by which SWS will get \$20m plus accrued interest of some \$1.5m on June 30, the group accepts a discount of \$8m on its claim.

This discount includes \$3m for claims by Haw Par including a claim for profits made by Mr. Slater and five other former executives of SWS or Haw Par under the "disputed employee incentive arrangements" through Spydar.

Mr. Slater and the other five are to reimburse to SWS in five years' time the \$1.9m profit they made. Meanwhile, SWS has shouldered the burden of conveying this sum to Haw Par under the agreement.

Mr. Slater and the five other former shareholders of Spydar have signed bills of exchange in SWS's favour to cover their debt to it. Sir James Goldsmith said yesterday that the group thus had a legally documented claim, which would be enforced.

The other shareholders of Spydar, who shared with Mr. Slater in the profit included Mr. Dick Tarling, formerly chairman of Haw Par, and Mr. Donald Ogilvy Watson, until last summer Haw Par's managing director.

The others, who had stakes half the size of these three, were Mr. Ian Tamblin, formerly Haw Par's deputy managing director, Mr. K. A. Johnson-Hill, and Mr. Patrick Goodby.

Uranium delay for S. Africa

BY DAVID FISHLOCK, SCIENCE EDITOR

SOUTH AFRICA, despite recent orders for two French nuclear reactors, will receive none of the uranium from the £120m Rossing opencast mine in Namibia, the hotly disputed territory of South-West Africa, at least until the end of the 1980s, according to a senior official of Rio Tinto South Africa.

Every pound of the 5,000-tonnes-a-year output of uranium oxide is to flow from Rossing to Britain's biggest uranium mine—now already sold abroad. Mr. Alexander Macmillan, chief executive of the Rossing project, and deputy chairman of Rio Tinto South Africa said:

Rio Tinto-Zinc, the U.K. parent company, has been attacked for operating in Namibia despite a UN resolution calling on all organisations to stop mining and prospecting while South Africa retains control of the territory.

It has also been suggested that the South African Government planned to use Rossing to supply South Africa's proposed uranium enrichment plant and thus Namibia's uranium could find its way into nuclear weapons.

Britain is one of its main customers, with a contract negotiated in the late 1960s for the best part of 10,000 tonnes spread over five or six years. Japan is believed to be another big customer.

Mr. Macmillan, in London this week for the Uranium Institute's symposium on uranium supply and demand, said that Rossing was expected to reach its full design capacity of 5,000 tonnes by the end of this year.

LATEST U.K. tank armour could shift power balance

BY MALCOLM RUTHERFORD

BRITAIN HAS made a major breakthrough in tank armour, but the cost would need no sacrifice of speed or supply a new transmission. Other new features will include the latest fire control equipment, which Mr. Roy Mason, Defence Secretary, said yesterday will have a significant effect on the balance of payments and could ultimately change the balance of power of ground forces in Central Europe.

Neither Mr. Mason nor Mr. David Cardwell, the Chief Scientist for the Army, would give details of the composition of the armour, but Mr. Cardwell said it was not expensive and did not consist of a lot of exotic materials.

It would add about 10 per cent to the armour cost of a modern tank, which itself accounted for only about 15 per cent of the whole cost. The development cost over a ten-year period has been a little over £6m.

Protection

In military terms, the new armour is claimed to give considerably better protection than existing armours against attack by all forms of anti-tank weapons.

In recent years, and especially since the Yom Kippur war of 1973, the tank has been regarded as increasingly vulnerable because of developments in anti-tank technology. This trend should now be put into reverse—at least on the Western side.

Ironically, however, the new armour will not immediately not only does the Chobham available to British forces. The armour offer more protection, it possibility had been considered is also significantly lighter than of fitting it to the existing Chieftain conventional armour. There

and for David Brown, which is to U.S.-German competition, Page 4

£5.3bn. credits still unused

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN HAS not yet made any to encourage a stable two-way market. They are evidently relieved that after the sharp recovery early last week the pound has settled down between \$1.77 and \$1.78.

Although the authorities would undoubtedly be disturbed if sterling fell back to the levels of the first few days of the month, they seem to be reasonably content with the trading range of the last week—not least because of the competitive boost to exports.

The foreign exchange market has been worried about the possibility of reductions in the level of official sterling balances, but apparently there have been no substantial changes recently in the main traditional holdings with the exception of a decline in the Nigerian balances in London.

Mr. Healey's statement that none of the standby credits has been used in the last ten days does not mean that there has been no support. Indeed, dealers believe that the authorities were quite active last week in the market with the cost coming from the reserves. The Commission does emphasise that LBC operates and approves of its conduct in respect of all the major areas examined, such as investment, profitability, economies of scale and marketing.

London Brick now supplies over 40 per cent of the total market for bricks in the U.K. and is the only manufacturer in the fletton brick sector. The Commission does emphasise that LBC has the power to charge excessive prices and make excessive profits and, if policies on these points were to change, there could be a case for a further monopoly reference.

London Brick's system of transport charges is the one item criticised by the Commission. It says the scheme whereby customers operating relatively close to LBC works are overcharged while those further away are undercharged may be expected to operate against the public interest.

The judgment on whether to draw on the standby credits is obviously difficult since there is some limit to how far the interest because it represents unfair competition. It "could lead to an inefficient use of national resources." One member of the

Department of the Environment said last night that talks on the subject were already under way. Mr. Jeremy Rowe, London Brick's deputy chairman, said last night that the commission had given his company "a clean bill of health" on all major aspects of its operations.

Report on the Supply of Building Bricks by the Monopolies and Mergers Commission; SO; £1.5m.

Continued from Page 1

Rioting precipitates crisis

want to know how a situation away with a neutral response which many people predicted has "We regret the events of yesterday, he said, recalling previous been allowed to get out of hand."

Should he need scapegoats the most likely targets are Mr. M. C. Botha, Minister for Bantu Administration, and his deputy, Dr. Andries Treurnicht, a hard-line, with a large Right-wing following in the country.

Dr. Treurnicht probably did not do his own or the Government's cause any good to-day by saying that if the Government supplies the schools and the teachers, it has the right to determine what language the pupils speak.

At the other end of the political spectrum, the black Anglican Bishop of Johannesburg, Very Rev. Desmond Tutu, said: "Can you white people hear us? Do you want to hear us? Or is your military and police power what you really rely on?"

Adrian Dicks writes from Bonn: The West German Government showed further clear signs to-day of embarrassment at next week's meeting between Mr. Vorster and Dr. Kissinger.

The proposed round of talks on German soil reportedly has been the object of sharp disagreement within the Coalition Cabinet for several days, and may be the cause of fresh arguments following yesterday's shootings.

Instead of meeting in Hamburg, as they had intended, the two men will now have to travel to Grefenau, a small town in the remote and underpopulated forest region of eastern Bavaria, between Regensburg and the Czechoslovak frontier.

So far, it appears almost that news of the events in Soweto have barely registered in the minds of Congressmen here, who might have been expected to take the opportunity of Dr. Kissinger's appearance on Capitol Hill this morning to press him on the matter.

But this did not happen. Mr. Charles Dicks, the black Congressman from Michigan, did not refer to the "wanton killing of unarmed peaceful demonstrators" in Soweto but did not take the restrictions of the 25 per cent surrender premium, it was clear, that the Vorster meeting had threatened to stage a protest demonstration.

Dr. Kissinger was able to get

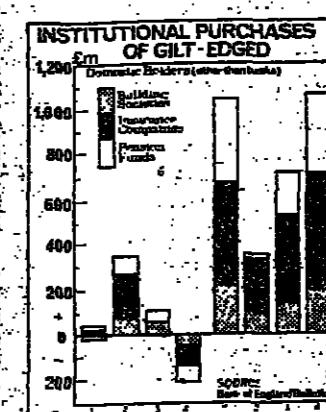
the abrupt change of location, which is to have infuriated the Americans, is understood to have been made on the personal insistence of Helmut Schmidt, Chancellor.

Although the meeting has the official blessing of the West German Government, members of the local Social Democratic Party in Hamburg—which is Herr Schmidt's home town—had threatened to stage a protest demonstration.

THE LEX COLUMN

Chloride growth recharged

Index fell 5.2 to 379.8



Chloride has pulled out of the recession with surprising speed in the latter part of the year ending March, and a half-time profits decline of 8 per cent has been transformed into a 17 per cent gain to £18.9m pre-tax for the year as a whole.

Currency gains, acquisitions

and the absence of redundancy

costs together explain over half

the 40 per cent profits bounce

during the second six months.

But most of the main trading

areas have now visibly turned

the corner.

In particular, profits from

automotive products are sharply

higher around the world. In the

U.S., volume gains here have

compensated for an adverse

swing of film, stemming from

falling lead prices as well as a

number of investments to leave

profits unchanged at £3.4m pre-

interest. Its share of clay in Europe has consolidated, against a slight

rise in price, and its earnings

have risen—extra £0.8m. The

balance sheet will disclose

balances of well over £30m,

net assets of more than £30m

and earnings of £6.8m a year

rising to nearly £8m if Sarmat

is sold off.

The dividend from OCL and

£1.2m to the pre-tax figure for

the year and a change of account

to include ship disposals

brought in an extra £0.8m. The

balance of the improvement

over the autumn forecast is

come from helicopters—whose

profits are up 20 per cent

and pay royalties.

Since the British Army's

Chieftain is only half way

through its life, Britain does

not intend to introduce its own

new generation main battle tank

until the late 1980s.

For some years now it has

been working on a collaborative

venture to this end with West

Germany and it is assumed that

it will now have the Chobham

armour.

The Anglo-German

project is quite separate from

the German-U.S. competition

which is seen as a sign of alliance

solidarity; however, if either

of these countries were to export

to third parties, they would

have to seek British permission

and pay royalties.

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